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Near East & South Asia

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Iran Reportedly Ships Planes, Missiles to Lebanon

90AS0073A London AL-MAJALLAH
in Arabic 3 Apr 90 p 28

[Article: "New Deal Between Tehran and Armed Organization: Iranian Planes, Missiles to Lebanon; Information on Latest Israeli Raid Against 'Akkar'"]

[Text] At 1230 on Friday, the 9th of last month, six Israeli military aircraft appeared in the skies of 'Akkar, north Lebanon, over the area between al-Qulay'at airfield and the town of Halba. Initially, it was the prevalent belief that this was no more than an ordinary reconnaissance, similar to those persistently carried out by the Israeli air force in Lebanon's skies since the eruption of the civil war and the entry of the Arab deterrence forces in 1976.

Suddenly, the Israeli aircraft zoomed down, after releasing the thermal balloons military aircraft ordinarily release when raiding sensitive targets to avoid surface-to-air antiaircraft missiles, and fired nearly 35 heavy missiles at a previously unknown target. They then immediately headed back southwest, leaving behind thick smoke columns which rose in the air and continued to be seen till the early evening hours.

Because this area had not been previously subjected to any similar raids and because the Israeli air force had not appeared in the area's skies for over a year, curiosity impelled a number of Lebanese citizens to try to explore the area to find out the true nature of the target hit by the Israeli aircraft. But those citizens were prevented from getting close to the target and the armed elements entrusted with protecting the site refused to let photographers take any pictures of the installations targeted by the Israeli air raid.

Even though Israel has described the site as just a base used by a Palestinian front as a launching point for raids against the occupied territories and even though the spokesman of the front concerned described the targeted site as an ordinary military site, the quality and number of missiles fired by the raiding aircraft have revived previous reports narrowly circulated by the Lebanese security circles about the recent arrival of sophisticated aircraft, missiles, and radar equipment from Iran to certain sites in the Lebanese arena.

These reports said that an armed organization had agreed with the authorities concerned in Tehran to supply the organization with sophisticated weapons and to train a number of its fighters on these weapons in special camps in Iran to help the organization settle the conflict in its favor within the framework of the battles which it is waging and which are directly connected with the Middle East crisis.

Informed sources have affirmed that the new deal between Iran and the said organization included small, remote-control, and pilotless reconnaissance drones, in addition to heavy surface-to-surface missiles and sophisticated radar equipment capable of detecting the movement of armed

patrols from afar. Through a joint operations room founded by the two sides more than three years ago, it was decided that the said organization would launch a surprise attack against Israeli targets through South Lebanon should the proposed Palestinian-Israeli negotiations be held, and that heavy missiles, believed to be Chinese-made, and pilotless drones, which could be launched toward their targets while loaded with sophisticated explosives to drop at the intended targets, would be used in the operation.

As for the radar equipment, the said sources say that the organization concerned had complained to the Iranians in the wake of previous infiltration operations that Israel possesses advanced equipment capable of detecting personnel and night patrols. Because the countries producing such equipment do not ordinarily sell it to organizations, Tehran took charge of purchasing the equipment and supplying it to this organization.

The truth is that there continue to be conflicting reports on the delivery of these weapons and equipment to Lebanese territories. Whereas some sources say that what has been delivered to date is confined to the required aircraft and radar equipment, and that the Iranians are still reluctant on the missiles question, other sources assert that the first consignments of these weapons have actually been delivered by sea to the organization concerned and that the aforementioned Israeli raid targeted installations strongly believed to have been used to store the weapons.

All the sources agree that even though Israel realizes that any such operation staged during its negotiation with the Palestinians will serve Israel's objectives and aspirations in the long run, Israel will not be able to withstand the reactions of Israeli settlers should such an operation be staged, especially through Lebanese territories.

Reports prior to the said Israeli raid said that the Iranian planes had been delivered through an illegitimate port located in the area south of Beirut and that they had been moved to underground cellars. At the end of 1988, this area was subjected to an Israeli landing by air. It was also subjected to concerted raids during the Israeli invasion of Lebanon in 1982.

There are conflicting reports on the locations of the training camps in Iran. Whereas some sources say that there is a camp near Mashhad in northern Iran, other sources say that all the camps are located near the Iranian capital. In addition to these camps, it seems that Iran is training tens of pilots belonging to the said organization.

It is to be noted that this organization had requested sophisticated missiles and similar planes from another country. But this country turned down the request for fear that they would be used in domestic wars and because meeting such a request requires consulting the Soviet Union by virtue of its being the producing country.

It is well known that during the 1982 invasion, Israel went as far as alleging that while advancing toward Beirut, the Israeli army seized large quantities of sophisticated

weapons and equipment in secret caches located south of the Lebanese capital and that the weapons and equipment were still in their boxes and had not been used.

REGIONAL AFFAIRS

Commentator Rules Out Peace With Syria

44230115A Tel Aviv 'AL HAMISHMAR
in Hebrew 7 Mar 90 p 7

[Article by Yoel Ben-Porat]

[Text] In the 19 February edition of 'AL HAMISHMAR, MK [Knesset member] Ya'ir Tzeven says: "It can be said, therefore, that Syria is much more prepared to negotiate with Israel." MK Tzeven certainly knows more than a newspaper reader like me. A British newspaper reported that the Israelis had held talks with the Syrians about possibilities for a political agreement. The prime minister denied this, but between the lines you could see that something was going on.

I do not have any evidence to refute or confirm this information, but I would not be surprised if it were accurate. The Israelis have always held talks with the Arabs either directly or indirectly, even in the worst times of 'Abd-al-Nasir. But here, as in the case of the PLO, where I support direct negotiations with them, the question arises as to what there is to talk about. The case of Syria differs substantially from the case of Egypt. Apparently in the world we live, surprises happen, some of them amazing, with new things every day, and anything is possible. The trouble is that they do not happen in our region.

The Ideology of the Armed Struggle

The type of conflict with Syria differs fundamentally from the kind there was with Egypt. Egypt did not have a political and ideological obligation to carry out a war to destroy the Jewish existence or, as the Syrians call it, "an armed struggle with the Zionist entity until it is subdued." This definition is a substantial part of the ideological platform of the 'Alawitz Ba'th, and it is absolutely required.

This political viewpoint has been in effect in Syria since the rise of the Ba'th regime 20 years ago, and it has found its expression more powerfully in the past decade. There they do not only speak of armed struggle. They accumulate weapons in large quantities, build an army with an attack capability, and prepare for the day of battle. Even these days, al-Asad has spoken of uniting all the Arabs into a force which could contend with Israel. These expressions are reminiscent of the megalomaniac Nasir's crazy idea about unity "from the Persian Gulf to the sea."

Accomplishment in Exchange for a Mess of Lentils

Despite this, al-Asad is likely to blend the dogmatic and the pragmatic, and it is not out of the question for him to carry out a revision of the Ba'th dogma because of international and internal circumstances. Al-Asad has too many fronts, among them a hot front with Iraq and a "boiling" front in Lebanon. It is very likely that he

wants, for a while, to be done with the most acute front, Israel. Thus, he could accomplish something significant in exchange for very little. After all, in Israel they want everything "now."

Al-Asad's internal front, the opposition, is whispering quietly, but the ongoing economic deprivation is perhaps the most oppressive factor. It is likely that the president of Syria has begun to understand that even the most efficient dictatorship which relies on KGB-Gestapo techniques, cannot last very long in the face of empty shelves in the stores, shortages of medicines, growing poverty, depressed salaries of workers, spreading corruption, and the appearance of a large stratum of rich. The splits from within are already widening, as can be learned from the words of Khalid Baqdash, the biggest of the Arab communists, as was reported in a Kuwaiti newspaper. He proposes to al-Asad "perestroyka," greater permissiveness in terms of party activity, and democratization.

The organized opposition of the Muslim Brothers and the unorganized opposition in the guise of the Sunnis, the large and dispossessed majority, are likely, over time, to take advantage of the shortages and the economic oppression and, at the right time, to destroy the government from within.

Al-Asad is not found on the horizon of the international constellation, i.e., Soviet assistance, which would allow him to attack Israel on his own, except in a suicidal mission. He must, therefore, ask himself what the purpose is of keeping such a large army which depletes his treasury. It is doubtful that he would repeat Sadat's exercise of 1973 and start a limited war in order to get the political process moving. Al-Asad knows well from his experience with war that one only knows how it starts. He definitely remembers 1967 and 1973, a war in which the Syrians failed even more miserably than in the Six-Day War. The pilot al-Asad also remembers the episode in 1982 with the Air Force.

Following the war in Lebanon, al-Asad developed the fear, justified from his point of view, regarding Syria's ability to stand alone against Israel. At that time, the confusing concept of "strategic balance" was developed which, following the Camp David agreements, moved into high gear. The Syrians set up a very effective defense option, but from there to an independent offensive option, the road was long, and it is doubtful whether al-Asad himself believes that he has a chance of getting there. Furthermore, the Russians say openly that he has no need for such an option and that they will not help him to realize it.

The Store Is Open in Washington

For the world as a whole, as well as for the Arabs, the only store still open is in Washington, but you can only buy political merchandise there. Al-Asad can ask himself, therefore, if he needs so much firepower just to defend himself against Israel.

It can be said of the recent battle cries and of the Jordanian-Iraqi "air dealings" that, so far, they are still just pyrotechnics. It has become clear now that the Jordanian-Iraqi cooperation is the result of fears of the Palestinization of Jordan. It also serves to raise a cry against a large immigration. It is a kind of Pavlovian reflex with Arabs since the beginning of Zionist days, because their dream of throwing the Jews into the sea has become "my dream," and they already admit that it is not reality. Even now, despite the loud noises, one can say that there is not likely to be an Arab-initiated war on the horizon or even a separate Syrian war. This, of course, does not apply to the northern command.

Along with this, I do not see any chance of coming to an agreement with the Syria of al-Asad. The most that he can offer is a Sadat-style proposal like the one in 1971, in other words, full Israeli withdrawal from the Golan Heights in exchange for a nonbelligerency agreement and, perhaps even, some kind of flexibility in the matter of unilateral demilitarization. Such a proposal would not be acceptable to Israel.

We can and must arrive at an agreement with Syria in exchange for a peace treaty along with embassies and the Israeli flag in Damascus. Included in the agreement must be recognition of Israel and of Zionism. Our contribution to this agreement would be complete withdrawal from the Golan Heights. And of course, as with the Egyptian arrangement, there must be demilitarization of the whole region near Damascus by means of an international force overseeing this. Included in the treaty should also be an agreement concerning intelligence flights by the Americans, as in the Egyptian agreement. It was that agreement that the defense minister of 1980 relinquished unilaterally as a polite but senseless and irresponsible gesture.

In the case of Syria, it is also not enough. It is essential too that there be a substantial cutback in the Syrian Army to make it a reasonable defense force. Israeli relinquishment of the Golan Heights is so significant, in looking at the short run, that Israel can demand this and more. This is a price that I feel al-Asad cannot pay or he wouldn't be al-Asad. It is also questionable whether, from his point of view, the balance of benefit and loss is worth it.

An Idol in the Temple of Damascus

In the eyes of the 'Alawitz Ba'th zealot who is dogmatic, full of hate for Israel, and who sees himself as taking charge of Arab nationalism, Israeli embassies and an Israeli flag in Damascus, the home of the Omayyad Mosque and the symbol of Arab nationalism, would be a kind of desecration of the temple. I believe that one of these days, we will be able to come to an agreement with Syria like the one pictured, but not before we get rid of the Ba'th gang which al-Asad heads. Perhaps it will come when Syria is ruled by the merchants of milk, Hims, and the Damascus of the Sunnis. Even then it is not certain to happen, but there will be a chance.

Meanwhile, let's not dwell on delusions and false hopes. We have to remain alert to what is happening in Syria generally and on the Golan in particular. That, to the best of my knowledge, we are doing. We are living in a paradise of great and astonishing surprises. Everything that seemed impossible a few days ago occurred yesterday. But, unfortunately, it appears that a peace agreement with al-Asad does not fall into that category.

EGYPT

Government Encouraged To Renew Ties With Iran

90AA0079B Cairo AL-HAQIAH in Arabic
24 Mar 90 p 3

[Article by Muhammad al-'Abbasi: "The Need for Improving Egyptian-Iranian Relations"]

[Text] The initiative of the Islamic Republic in Iran in freeing 20 Egyptian prisoners of the 60 civilian prisoners they have (aside from the Egyptian prisoners during the Iraqi-Iranian War), was a noble gesture and a good initiative which must be reciprocated by better. It is, in diplomatic parlance, an indirect message for the improvement of relations with Egypt, which is a frantic Iranian desire because of Tehran's belief that Egypt and Iran are the centers of strategic balance in the area, and this is a well-known strategic truism, so whoever controls the two of them controls the whole Islamic world. Therefore the super and unjust forces are always trying to separate them and get between them. Egypt knows that also, and knows that Iran's strength is a strength for her also and a support for her international position and that there is no option before her except unity and rapprochement and agreement on a minimum of difference in the age of harmony between the two giants and the current international blocs.

I believe that it is in Egypt's interest also to improve relations with Iran, especially since there is no room for sentiments in politics. Rather, it is interests that govern it. Our leaders may overcome the problem of our alliance with Iraq at present in the Arab Cooperation Council by creating an acceptable balanced formula for maintaining relations with Tehran and Baghdad without it being at the expense of either of the two capitals.

I believe that the formula of Egyptian-Israeli and Egyptian-Arab relations is appropriate to convince Iraq of the advantage of Egyptian-Iranian relations, especially since Egypt is pursuing the strategy of peace, not war, just as the countries of the Gulf maintain good relations with both Iraq and Iran without either of them rejecting that.

This Iranian initiative is not the first in this connection, but the third. The first was in contracting for the transport of Iranian petroleum across Egyptian soil, and the second was in Iran's refusal to remove from Egypt the interest on Egyptian debts from which our government decided to lift the ban after they were frozen, and

Iran decided to invest those funds in joint projects with Egypt. We must not lose this opportunity also to improve relations with Iran.

If Tehran freed some of the Egyptian prisoners, she did that out of esteem for all the Egyptian people, and we must mention here, without fail, those who participated in that. The credit for that goes first to God, second to some officials of the Islamic Republic, foremost the President of the Republic, Hashemi Rafsanjani, and Shaykh Taskhiri, and third to some Egyptians named Dr. Fahmi al-Shanawi, Shaykh Muhammad al-Ghazali, al-Hamzah Da'bas, Muhammad 'Abd-al-Shafi, Dr. Ahmad Hasan Hilal, Hajj Husayn 'Ashur, 'Adil Husayn, and Fahmi Huwaydi. They demanded of the Iranian officials, during their visits to Tehran, that they be allowed to attend some Islamic conferences there, and that all of the Egyptian prisoners be freed as a good initiative for normalizing relations with Egypt. A previous release decree was issued two years ago, but statements by Zaki Badr, the former Minister of the Interior, against Iran, and his fabrication of Shiite cases and their link to Iran, also were a reason why the release decree was halted and relations did not improve.

Sincere greetings to the men of Egyptian Intelligence for their noble patriotic role in confronting the Israeli "Mosad". The recent espionage case is a medal on the chest of this organization, which works far from the influence of the Camp David anesthetic. Egypt, first and last.

Abu-Ghazalah Allegedly Retains Influence With President

90AA0139A London AL-SHARQ AL-AWSAT
in Arabic 4 Apr 90 pp 1, 2

[Article by Mahmud 'Atallah: "Abu-Ghazalah's Story With Limelight and Road to Vice Presidency"]

[Text] London—Egyptian President Husni Mubarak's decision to assign presidential aide 'Abd-al-Halim Abu-Ghazalah to supervise the activities of the ministerial committee formed to draft a specific program for the sale of public sector companies to the private sector has so astonished some observers of Egyptian affairs that REUTERS' Cairo correspondent has viewed this decision as a surprise, considering it a declaration of the renewed return of Field Marshal 'Abd-al-Halim Abu-Ghazalah, an ex-deputy prime minister and minister of defense and war production, to the limelights.

The fact is that this vision is excessively exaggerated and inaccurate for a major reason, namely that Abu-Ghazalah has never disappeared from the limelight since he was relieved from his position on 15 April 1989 when General Yusuf Abu-Talib was appointed to replace him.

At the time, many imagined that the decision to appoint Abu-Ghazalah a presidential aide meant removing him from power and from the limelight, especially since this

position is considered in Egypt to be an honorary position. More than one notable carries the title to this position without actually engaging in any official function.

Moreover, that decision itself was a big surprise, considering that Abu-Ghazalah had enjoyed, through his position at the head of the army command and through his role in the political decisionmaking, vast powers which made him eligible to be appointed some day vice president of the republic—a position which continues to be vacant in Egypt.

But a day had barely passed on that decision when President Mubarak entrusted Abu-Ghazalah with a political mission which took him to Baghdad to deliver a message from Mubarak to President Saddam Husyan. Opinions varied in interpreting this assignment. Some considered it just a temporary honorary mission intended to absorb the successive rumors circulated at the time about the reasons for the removal of Abu-Ghazalah, whereas those who understood the reasons behind matters sensed a more profound dimension and believed that this gesture was a message on Mubarak's part asserting that he did not plan to end his reliance on Abu-Ghazalah in political affairs.

Matters then began to develop and to become clearer. It became certain that Abu-Ghazalah, in contrast with the president's other aides, went daily to the office set aside for him at the Presidential Office and stayed there from the morning to the end of the official workhours.

Reports also began to be leaked from the presidential office indicating that President Mubarak had begun to entrust Abu-Ghazalah with conducting research and studies and with following up on a number of important issues.

At the same time, it was noticed that Abu-Ghazalah continued to attend official functions and to appear next to the Egyptian president on more than one public occasion. Recently, he began to show up at the cabinet meetings and this began to make it clear that Abu-Ghazalah was being groomed to perform a certain role.

Then in the wake of the Egyptian cabinet meeting two days ago, Information Minister Safwat al-Sharif made a statement asserting that Abu-Ghazalah has become involved in practical official work and that he has taken charge of a task that is remote from the military sphere but that encompasses two areas that are extremely important to Egypt at the present time, namely the economic and political areas.

Safwat al-Sharif said that President Mubarak had examined a report on what has been accomplished by the committee formed to determine the public sector companies and projects which will be offered for partnership with the citizens after the committee takes the necessary steps for the purpose. The President also heard a report from Prime Minister Dr. 'Atif Sidqi whom the president had entrusted to form this ministerial committee. The

president then heard a report from Abu-Ghazalah who, Safwat said, has been assigned to follow up on this issue with the prime minister.

Lest the facts be lost, the issue of selling the public sector to the private sector may seem to be an economic issue. But for Egypt, it is a political issue primarily. There are two strong tendencies fighting over it: The first, consisting mainly of businessmen and supporters of the open-door economy, calls for selling the public sector companies, especially the losing companies, as British Prime Minister Margaret Thatcher has done, to save some public sector companies from bankruptcy. The second tendency, consisting mainly of veteran politicians and some zealous youth, completely opposes such a sale.

This is why President Mubarak's decision to assign Abu-Ghazalah to follow up on this issue, which conceals a mammoth political dispute under its surface, reflects a clear tendency that aims to throw this economic-political issue on the shoulders of Abu-Ghazalah and to lighten the burden of Dr. 'Atif Sidqi, especially since this issue is expected to provoke an immense controversy. The Egyptian leadership, it seems, prefers to spare the cabinet the consequences of this controversy.

Here, an important question arises in connection with a rumor that has been circulating in Cairo for sometime—a rumor to the effect that President Mubarak is thinking seriously of selecting two vice presidents, one military and the other civilian, to maintain the well-known balance.

The question centers on whether President Mubarak is actually grooming Abu-Ghazalah, in his capacity as an ex-army officer, to become one of the two vice presidents, or whether President Mubarak is thinking of something else, namely grooming Abu-Ghazalah to become his sole vice president, considering that he combines a military past with civilian experience, now that he has had experience with action in the political and economic areas and has assumed a task of major importance to Egypt, namely the task of selling the public sector to the private sector?

There is no doubt that the success of Abu-Ghazalah, an ex-field marshal, in such a task will qualify him to hold the position of vice president, which is still vacant.

National Judicial Authority Head on Defending Government

90AA0074A Cairo AKHIR SA'AH
in Arabic 11 Apr 90 pp 20-21

[Interview With Counselor Sayyid al-Shurbaji, National Judicial Authority chairman, by Diya' 'Abd-al-Hamid; "National Judicial Authority Chairman to AKHIR SA'AH: We Defend Government and Public Property; Large Number of Cases and Redtape Behind Slow Litigation; International Arbitration Is Not Against Us, but

Egyptian Judiciary Are Honest and Impartial;" first two paragraphs are AKHIR SA'AH introduction; date, place not given]

[Excerpts] What happens when the government becomes a party to a judicial dispute? What is the nature of these cases which, to date, amount to nearly 382,000 cases? When does the National Judicial Authority resort to the special judiciary to get its rights? What place are government cases given vis-a-vis cases concerning the citizens' liberties and rights? Why is it said that the authority's task is to defend the government only? Why is it reiterated that the cases the authority loses outnumber those it wins, especially international cases? What about the foreign lawyers' monopoly of our cases abroad? These cases favor the foreign firms' interests and, consequently, cause the loss of millions of pounds. Is the solution in rejecting the principle of international arbitration and in returning all contracts implemented in Egypt to the power of the ordinary judiciary? Moreover, what is the authority's role in cases involving ships, especially Panamanian ships, which are scuttled in Egyptian waters intentionally, or which dump all kinds of waste that pollute our waters?

AKHIR SA'AH has also posed numerous other questions to Counselor Sayyid al-Shurbaji, the new National Judicial Authority chairman, who has said:

The National Judicial Authority is the representative of the executive, legislative, and judiciary authorities and of the Higher Press Council. The majority of our cases involve taxes and there are cases that involve the liberties. We all defend the government. It is untrue that we procrastinate in our litigation. We handle many cases, and the number is unreasonable. As for arbitration cases, there are foreign beneficiaries because most of them are connected with contracts for the implementation of projects. Taba was a political case. [passage omitted]

Counselor Sayyid al-Shurbaji added:

The reason the authority is attached to the minister of justice is because he represents all the judiciary authorities, including the (judiciary involved in government litigation). An official government minister is supposed to be present to express the opinion of the authorities concerned to the political authority and the executive authority.

The presence of a minister of justice representing the Higher Judiciary Authorities Council and the Higher National Judicial Authority Council does not mean that these authorities are under his control. What it means is that the minister is the liaison between these authorities and the Council of Ministers which controls the country's government affairs. But ultimately, the authority's decisionmaking is independent and is not subject to the control of the minister of justice or of others. [passage omitted]

Government Cases and Citizens' Liberties

[AKHIR SA'AH] What are the difficulties the authority encounters in reconciling government interests with the citizen's rights?

[Shurbaji] The authority is one of two: either a plaintiff or a defendant. In the case of lawsuits filed against us, the only thing we have to do with them is to ask the administrative authority concerned to provide us with the information and documents to respond to the case. If we find that the administrative authority has a soundly defensible position, we say so and we proceed to defend the case after we delay it in accordance with the law. But if we find that the administrative authority does not have a legal argument that makes it possible to defend it and that it is arbitrary or wrong in its decision, then we contact the authority. In this case, it is possible that we may not proceed to defend the case and we may urge the authority to respond to the citizen's demand and to settle the dispute amicably. This occurs frequently.

[AKHIR SA'AH] But what if the administrative authority fails to respond [to your advice]?

[Shurbaji] If disagreement develops and if the administrative authority insists on its position and carries on with the lawsuit, its action puts it before greater responsibility. In accordance with the law, the authority has to get the minister to issue a decision supported with arguments and to present to the other side a memorandum in which he explains these arguments. The minister may also discover that there is a subjective reason behind the insistence and may end up being convinced of the advice. The minister's intervention here is intended for a higher self-evaluation and not meant to put pressure on the authority.

[AKHIR SA'AH] But what place are government lawsuits given vis-a-vis the citizens' liberties and rights in order that the citizen may rest assured that while defending the government, the National Judicial Authority does not overwhelm his interest?

[Shurbaji] The National Judicial Authority's position toward the lawsuits is a legal position through which the authority presents to the courts the government's legal interests vis-a-vis any encroachment that may be committed against these interests by individuals. It is a position with which the authority protects the government decisions and interests. When the government is victimized, we try to remove the offense. The issue of liberties and rights may involve special cases that fall within the jurisdiction of the lower circuit of the administrative judiciary court. These are cases of a special nature and they are given a special status through which we try to clarify the government's position from the political aspect because this issue pertains to the political system as a whole. But there are numerous cases that do not assume this form, such as the cases of civil servants which involve administrative decisions concerning their job positions, their promotions, and their rewards. These cases are not, of course, connected with the liberties but

with the civil servants' rights which emanate from the law. There are, moreover, numerous judiciary decisions and precedents in this regard.

Defending Public Property

[AKHIR SA'AH] Some believe that the authority's task is to always defend the government, right or wrong. What is your opinion of this belief?

[Shurbaji] My task is to defend the government. This is normal and nobody blames me for it. It is the National Judicial Authority's main duty to defend the government. The government is not a party against individuals and there is no separation between it and the masses. Its goal and its task is to achieve the citizens' interest and the public interest. When lawsuits undermining the legal conditions are pursued, it is my task to explain my viewpoint to the court, especially since every plaintiff imagines that he is right and since he seeks his own interest. With disregard for the comprehensive nature of the case, the plaintiff resorts to the court to plead and to demand that he be done justice.

On the other hand, our task is to explain the government position to the court. Government decisions may clash with the personal interests of citizens. But ultimately, the government gives the public interest priority over the individual interest. The law decides the lawsuits involving the authority and other plaintiffs. Each dispute has a special law that covers it.

When I defend the government, I am in fact defending the citizens themselves.

[AKHIR SA'AH] What is your opinion of the allegation that the authority loses more cases than it wins?

[Shurbaji] If the law supports what is right in the cases lost by the authority, then we welcome the decision and we do not disagree with it. In such a case, the authority is not a loser because its goal is to establish the situation and the law and to give each party its due, regardless of whether the due belongs to an executive authority, to a government agency, or to individuals. Ultimately, we do not at all consider the issue from the angle of gain or loss because we are all Egyptians. The government works for the interest of the masses or the public interest. If disagreement of opinion develops, then the courts and the judges settle the matter. Their decision is, ultimately, an embodiment of the truth.

Government Redtape and Obstruction of Lawsuits

[AKHIR SA'AH] As a consequence of the large number of lawsuits and of the pressure of work and the redtape in some government agencies, the authority does not get responses to its queries on the lawsuits as promptly and as effectively as it should. What is your opinion?

[Shurbaji] We suffer greatly from laxity and negligence when we ask the agencies to supply us with the needed documents. Ultimately, we do get as much as possible of what we need. This is not only the National Judicial

Authority's problem with the administrative agencies but also the entire country's problem with these agencies. The citizens are always complaining of the government redtape, of the slow pace of government performance, of the multiplicity and overlapping of powers, of disorganized files and papers, and of the unavailability of adequate references. All this has its impact on prompt performance. So, the problem is the government system in its entirety, even though some development has been made. Numerous authorities have been reorganized and restructured and microfilm and computer systems have been introduced into them. We hope that this effort will proliferate so that we may fully attain the desired level.

What Is Reason for Slow Litigation

[AKHIR SA'AH] What is the cure that enables the government to collect its dues as promptly as possible? When does the authority resort to the special civil judiciary?

[Shurbaji] The special judiciary and the ordinary judiciary are not an option because the special judiciary have specific powers that cover specific cases defined by the law. I do not wish to resort to the special judiciary to speed up a case. It must first be determined whether the cases involved fall within the special judiciary's jurisdiction or not. If they do, then I resort to this judiciary, and so do the individuals. Generally, the special judiciary does not render a final judgment, but makes temporary decisions intended to preserve certain conditions and to settle objective disputes.

[AKHIR SA'AH] But what is the way to decide cases promptly?

[Shurbaji] The fundamental problem in which we hope to achieve the desired level is the problem of deciding cases promptly and of determining the legal positions through objective final decisions. The authority has no role in this problem. We try to conclude our lawsuits as promptly as possible and we do not procrastinate in presenting documents and memoranda for making a decision. The problem lies in the enormous number of cases being examined by the courts and in the inability of the judiciary to handle this enormous mass of cases which are incompatible with the number of available judges and with their work capacity, especially when we learn that the number of cases considered in a single session may amount to 200 cases. What can the judge do in the face of such a volume?

The problem is also connected with the government capability to broaden the judiciary sphere and to increase the number of judges, circuits, and courts. It is also connected with people's social ethics. If these ethics are set aright and if people behave properly, there is no doubt that more than one-half of these cases will disappear from the courts.

International Cases and Difficult Mission

[AKHIR SA'AH] Why don't we talk of the international lawsuits being handled by the authority, especially since a lot is being said about the losses the government incurs as a result of these lawsuits and of the law firms that monopolize our cases?

[Shurbaji] Foreign disputes develop when an arbitration clause is inserted in a contract between a government agency and a foreign party for the construction of a project, a plant, or a utility or for delivering supplies. It is agreed at times that any dispute emanating from such a contract shall be settled by an arbitration committee. At times, it is agreed that the dispute shall be settled by the International Chamber of Commerce in Paris, which is the party that arbitrates the majority of such cases. There are other special cases in which the Egyptian Government is sued directly before foreign courts when no arbitration clause exists.

Therefore, I always advise the administrative agencies not to resort to the principle of international arbitration as long as we have the freedom to accept [or reject] arbitration when the contract is being written because international arbitration is extremely costly and requires the assignment of a lawyer from a foreign country who charges by the hour for his work. Numerous countries do not permit a foreign lawyer to litigate before them. Consequently, we are compelled to assign a [foreign] lawyer.

At times, we do plead our cases before the International Chamber of Commerce. But there are major cases of a special kind that require researching the local laws and that call for a specialized lawyer. Consequently, we are forced to assign a lawyer from the country where a given case is being arbitrated. As I have already said, these cases saddle us with exorbitant costs.

But there are special cases where the government agencies are required to accept the international arbitration clause, especially when a project is implemented in Egypt with a loan or a grant from a foreign country. In such a case, the foreign party holds a strong weapon and insists on one of two things: Either accept arbitration or get no grant. This means that some sort of moral pressure is exerted on these agencies to accept the arbitration clause. This is why I say that the government agencies should try as hard as possible to exclude the arbitration clause.

Selection of Foreign Lawyer

[AKHIR SA'AH] Does the Ministry of Foreign Affairs coordinate with the Egyptian embassies abroad in selecting these foreign lawyers?

[Shurbaji] The National Judicial Authority alone selects foreign lawyers for the lawsuits it handles. In accordance with the law, the National Judicial Authority chairman is the official empowered to assign foreign lawyers. What

happens practically on our part is that when the arbitration clause is present, we ask our embassies and trade offices abroad to inquire, through their investigations and contacts, about law firms specialized in the type of lawsuits to be litigated abroad, especially since the consulates have broad contacts with the parties concerned abroad. These embassies and offices then supply us with information about these firms and we select the firm we want in light of the dispute involved and after we conduct a study on the firm and its reputation. We have already dealt with lawyers from various countries and we constantly give them priority in assigning them to litigate our cases. For your information, foreign law firms are big and organized. Each firm has a small pamphlet which spells out its specialization, the number of lawyers working for it, and a brief summary about each lawyer, his credentials, and his studies.

Taba Is Special Case

[AKHIR SA'AH] When the court is inclined to be sympathetic to the foreign party, this means losing the case, of course. What is the impact of such sympathies on Egyptian territorial cases, such as the Taba case and the cases involving administrative contracts?

[Shurbaji] Taba is a special case. It is more political than financial. Most arbitration cases involve contracts on implementing projects, utilities, and installations, or on the delivery of supplies. I have a viewpoint on these contracts which assume the character of administrative contracts, such as concession contracts, commitment contracts, supply contracts, and public works contracts, i.e. contracts which the State Council law defines as administrative contracts. In accordance with the law, any dispute emanating from such contracts falls within the jurisdiction of the State Council.

As long as the law states this, then any contract violating this provision is void. The State Council's jurisdiction is a part of the general law and no agreement may be concluded in violation of this law. In this respect, we argue that an arbitration authority has no jurisdiction despite the presence of an arbitration clause. But to date, the arbitration authorities have not made a decision on this argument. We hope that the new arbitration bill will take this into consideration and will state that arbitration authorities shall have no jurisdiction over administrative contracts which, by virtue of their special nature, must remain under the control of the Egyptian administrative judiciary. The arbitration authorities' jurisdiction must be confined to civil and commercial disputes in accordance with the civil and commercial litigation law.

Increased Fines for Water Pollution

[AKHIR SA'AH] What about the cases of ships, especially Panamanian ships, that pollute Egyptian waters and dump their waste in our waters?

[Shurbaji] Insofar as preventive measures against ships are concerned, the water bodies police, the Environmental Protection Agency, and the naval forces maintain vigilant control over the inlets to the Egyptian territorial waters. When any report is made against a ship, the ship is surrounded and followed immediately. Should a ship slip away and make a mistake of the sort, it becomes legally and criminally accountable. The international laws contain provisions which penalize such acts. There is a bill to amend these laws which levy small fines in order to make these fines compatible with the dimensions of the damage such ships cause.

Government Asked Why It Unleashed 'Price War' on Public

90AA0075A Cairo UKTUBAR in Arabic 8 Apr 90 pp 5-6

[Article by Salah Muntasir: "What Exactly Is the Government's Position Toward This Sudden Insanity in Prices?"]

[Text] What the International Monetary Fund failed to achieve in a number of years, the fruit and vegetable merchants achieved in one day! Delegations come and go, there are negotiations here and there, meetings in Washington and Cairo, studies at the highest level, committees and committees, the International Monetary Fund insists on stimulating prices and the government is determined that there be no arbitrary stimulation, that a gradual increase be maintained, and that those with limited income not be hurt insofar as possible. The signing of the agreement with the Fund is delayed a number of times because of the government's insistence on its position in favor of the poor citizen against the demands for price increases.

But, with regard to a previous statement repeated in the wake of the June 1967 defeat, we were expecting it from the Fund, and it came from the fruit and vegetable merchants. We were expecting it from abroad, and it came to us from within.

The thing appeared to be a plot aimed at the citizens. Until the last day of Sha'ban [February-March] everything appeared quiet in the markets, but no sooner did His Excellency the Mufti declare the beginning of the month of fasting on Wednesday, 28 March, than the armies of attack stirred. As if the announcement of the first day of Ramadan [March-April] was the awaited secret word which was followed by the doubling, almost, of all prices of fruits and vegetables. In fact, for some types prices rose three times over what they were at the beginning of Ramadhan.

Why?

What made these prices rise all at once, in this strange way? Ask any economist or expert and you will find that he does not have a single economic explanation for this thing that occurred in the market.

The government did not raise the price of any commodity so that it could be said that the rest of the prices of commodities moved automatically behind them.

The price of the dollar remains unchanged.

Prices on the world markets have not changed either.

Officials have not obtained loans or advances, and the investment companies have not released their depositor hostages and freed their funds from the prison in which they placed them.

International political and economic circumstances do not justify the increased price of tomatoes, the doubling of the price of cucumbers, and the insane price of Jew's mallow, okra, and grape leaves.

There is no connection between the causes of the emigration of Soviet Jews or perestroika or the war in Lebanon or the elections in Hungary or East Germany and this thing which occurred in the markets of Rawd al-Faraj, al-'Atabah, al-Tawfiqiyah, and all the markets which deal in fruits and vegetables—all of them commodities produced locally from Egyptian soil with no imported commodity among them.

Why, then, this sudden insanity in prices?

There is only one reason, and it is exploitation and greed. But the strange thing is that this exploitation was not opposed by the government with the desired intensity. And this is really a perplexing matter.

The government is firm in its position with the Monetary Fund and refuses the requests of the Fund to raise prices according to the Fund's well-known prescription.

The government is keen on opposing religious extremism and putting down any civil strife which breaks out.

The government is against all smuggling operations.

Nevertheless, the effect of what the fruit and vegetable merchants did surpasses the outbreak of any civil strife or extremism or smuggling operations.

The price war invades every home and affects every citizen. It provokes every individual and hounds every honorable person to change into a thief or bribee. Otherwise, where can he pursue the demands of this item from, which, until recent years, represented the last item to arouse concern in all the items of expenditures.

With 10 piastres the citizen would go to the vegetable seller to get what he needed. Today, 10 Egyptian pounds is not enough.

It is not the citizen's task to discuss: Is the reason the wholesalers or the retailers, or both? It is clear that there is a mafia dominating the millions, their nerves, and their conduct. It practices the most extreme types of exploitation with them. It is not satisfied with only putting its hands in the pockets of the people but in their homes and bellies also.

It is a Tartar attack by all of the wholesalers and retailers together against the helpless citizen. But the strange thing is that the government did not hasten to define its position and side with this citizen.

Otherwise...

Where are the campaigns of seizure and assessment and inspection?

Where is the Emergency Law which protects the citizens against terrorism, extremism, and inquisition in their lives?

Where is the Council of Ministers, whom we have not heard hold one meeting to discuss to discuss a most important matter pertaining to the concerns of the citizens, i.e., this vicious attack by the merchants on the nerves of the citizens and their capacity?

If we are silent today, what can happen tomorrow?

It is the height of inconsistency that we see this strong rigid position on the part of the government with the Monetary Fund, so that the prices of commodities actually sold to the citizens for lower prices do not rise, and the government actually does support them, while the government does not move sufficiently vis-s-vis commodities whose prices have doubled overnight without there being a single justification for their rising.

A glance at the prices of fruits and vegetables in the various areas of Cairo reveals that the setting of prices is subject to personal whims.

In order for the picture to be clear, UKTUBAR's editors spread out last Monday in the various markets of Cairo and recorded the prices of fruits and vegetables in each market. The result was this chart which shows the great difference in the prices of the same commodity from area to area.

Grape leaves are selling in Hulwan for 3 Egyptian pounds and in 'Abadin for 9 Egyptian pounds. Jew's mallow is selling in 'Abadin for 3.5 Egyptian pounds, and in Misr al-Jadidah for 6 Egyptian pounds. Tomatoes [are selling] in Imbabah for 45 piastres and in al-Zamalik for 150 piastres. Cucumbers [are selling] in the markets of al-Haram for 125 piastres, in Abu-al-'Ala for 2 Egyptian pounds, and in al-Zamalik for 3 Egyptian pounds! The price of cauliflower in Bulaq al-Dakrur is 60 piastres and in al-Tawfiqiyah market 200 piastres. The examples are many for whoever looks at the chart and reads the details of its numbers.

The clear meaning is that the merchants have defined their position toward the citizens and decided to suck their blood after devouring their income.

So what exactly is the position of the government toward what is happening?

I address my questions because I frankly do not see anything to reassure the citizen that the weapons of the

government and its forces, laws, and apparatuses stand on his side. Rather, to the contrary, it appears that they have abandoned him and left him to face an unequal battle with the merchants.

It is not only wrong that the government is leaving the citizen alone in his battle, but there is a great danger that this situation will continue for a long time.

Security Tightened To Confront Price Hike Backlash

90AA0139B Cairo AL-SHA'B
in Arabic 8 May 90 pp 1, 4

[Article: "Ibrahim Shukri: Raising Prices Without Increasing Wages Is Crime; Emergency at Interior Ministry in Anticipation of Popular Backlash"]

[Excerpt] The political leadership has given the security agencies concerned strict instructions to keep their forces on maximum alert in order to confront any riots that may develop in protest of the fearful price hikes of numerous essential goods. The hikes went into effect as of last week in response to the IMF conditions. The political leadership instructed the production and service ministries concerned to make the decisions hiking the prices without announcing them in the media. The leadership had refused to let the cabinet issue the decisions collectively so that it may have the chance to back down on them should a popular uprising similar to the demonstrations which erupted on 18 and 19 January 1977 develop.

The Interior Ministry has declared a state of emergency among its personnel as a result of the escalating wrath that has prevailed among the citizens in the wake of the hiked prices of numerous essential commodities, especially in the labor concentration areas of al-Mahallah al-Kubra, Kafr al-Dawwar, and Hulwan.

The Interior Ministry's instructions call for canceling officers' leaves and direct officers to leave behind their telephone numbers and the addresses at which they can be contacted during their rest hours so that they may be summoned promptly. The officers are also directed not to wear their police uniforms outside their workplaces and not to have contact with the citizens.

The instructions also point out that it is necessary to intervene forcefully and decisively to confront any disorderly conduct. The central security forces and karate teams have been placed on maximum alert. [passage omitted]

Sinai Development Proposed To Prevent 'Greater Israel'

90AA0041B Cairo AL-AHRAM AL-IQTISADI
in Arabic 12 Mar 90 pp 26-27

[Article by Muhammad Zaki 'Ukashah (Wing Commander, Ret.): "An Urgent Appeal to the President of the Republic"]

[Text] Israel was established as a state and became a fact of life within a short period of 50 years that began in 1897 [as published] in the aftermath of the well-known Basel Conference in Switzerland which orchestrated the creation of the Jewish state. The conference not only founded Israel but also laid down strategies and broad policies that would guarantee that it would become a major power with control of the region.

Oddly enough, Zionism was able to implement all conference resolutions with great precision and on schedule all through 1967. Implementation of the remaining resolutions was disrupted by the 1973 war.

World developments, primarily Arab in nature, enabled Israel to contain, with a little wit, the impact of the 1973 war. It is once again pursuing its grand dream of a Greater Israel in control of the region.

News and developments hit us like hammers that urge us to abandon our silence and leave our shells in favor of diligence and hard work. Wide-scale Soviet Jewish immigration is afoot and so is immigration from Ethiopia. There is also constant bombardment, designs for the West Bank and Gaza, billions of dollars in American contributions, and a race by the countries of East Europe to curry the favor of Israel which has full control of southern Lebanon. This and many more developments mean only one thing: the creation of a Greater Israel.

My appeal to you, Mr. President, is the cry of a citizen who is articulating the wishes of millions of silent Egyptians and Arabs who are not as good at talk as they are at work. Those millions and I are confident that you will respond favorably to this plea.

Sinai, Mr. President, is the subject of my appeal and of my concern. Sinai is a treasure that makes Israel salivate, and why not? It is deserted and almost uninhabited. The population density in Sinai is surprisingly frail and is cause for great anguish and sorrow. Sinai was lost to Egypt twice in 10 years and cost us a lot of sweat, blood, and money to regain. Sinai is Egypt's eastern gate and has been the door for adventurers and invaders since the dawn of time. We fear that Sinai will be lost to us again since its sparsity of population whets the appetite of all the Israelis.

My appeal, Mr. President, is to make Sinai our national project for today, for tomorrow, and for tens of years to come; a project to which all Egyptians would contribute sweat, funds, and knowledge, each according to his ability. This would be a project to which Egypt would dedicate its entire capacity, from Aswan to Alexandria; a project to be funded by Egyptian and Arab capital. There is plenty of such capital that seeks investments in America and in Europe.

In order to focus on our objective, Mr. President, we must state the project's primary objective, at the least for the first 10 years, is to plant people in Sinai. Steps to

accomplish that objective should be under your personal supervision and nobody else's and may include the following:

First, a committee is to be established for this national project and should be chaired by you personally. The committee would be composed of volunteer advisors specialized in various fields, such as economics, engineering, agriculture, the military, etc. The committee would be charged with planning and oversight and should relegate implementation to its subcommittees.

The National Project Committee is to be governed by special legislation, much like the Suez Canal, in order to avoid being mired in the current jungle of laws.

Second, the committee would grant Sinai beaches and land free of charge to Egyptians and Arabs with Egyptian sponsors who wish to establish and operate all types of enterprises in agriculture, industry, tourism, etc. Entrepreneurs would be given all the land they request as long as they deposit 1 pound per meter in earnest money to be returned to them when the project is completed or after a certain number of years.

Third, the infrastructure for those projects—such as electricity, water, highways, etc.—shall be undertaken by the private sector and is not to be the responsibility of the state.

Fourth, no other authority but the National Project Committee shall have oversight on those projects. No ministry, public sector authority, or even the Investment Authority, shall have control of Sinai projects, including those already in existence. The only government role there would be to maintain security and adjudication.

Fifth, Sinai projects shall be supported with such incentives as tax holidays, customs exemptions for imports, or any of the many other such facilities.

The above five steps, to be studied by the committee in detail, would assure a human march on Sinai. The coastal areas are suitable for projects in tourism and fisheries; the interior for projects in agriculture and industry. All of Sinai would be linked by highways with rest stops and service stations and by an international gateway for tourism and exports. New towns will emerge, much like Nakhl, Rummanah, and al-Qusaymah. And many more developments will take place.

Mr. President, your personal efforts have accomplished a great deal in promoting exports and populating new towns. Our beloved forgotten Sinai needs a lot of your personal efforts in order to make up for many long years of neglect and deprivation.

Only then will we have begun to confront the Greater Israel scheme.

New Cities Fail To Diminish Population Density

90AA0104A Cairo AKHBAR AL-YAWM
in Arabic 31 Mar 90 p 3

[Article by Hibah 'Umar]

[Text] In 1976 a republican decision was issued providing for the establishment of the first city in the desert. The name chosen for it was 10th Ramadan. This was one of the most important solutions adopted by the state to face the problem of population growth, which by the end of the century—that is after only 10 years—will reach 70 million people.

In 1980 the Authority for New Urban Communities began assuming its responsibility for the establishment of new cities, the aim of which was to absorb at least 3.5 million people, but only 29 percent of this goal was achieved.

Now, 10 years since the Authority was established, questions are arising regarding the feasibility of these communities which have been established in 12 cities, why these cities have failed to attract people to them, and what their problems are.

Reports by the Authority for New Urban Communities says that in 10 years it has been able to add 52 square kilometers of land provided with utilities, of which 18 are for housing, 24 for industry, and 10 for services. The value of such land sold has reached 569 million pounds and the population of the new cities has totalled 118,000 people. Also there are 595 factories that have begun production. Their investments have totalled 2.5 billion pounds and their production 2.3 billion pounds worth of goods. This is in addition to factories that are still under construction. These total 555 factories with 1.3 billion investments. They are expected to produce 1.7 billion pounds worth of goods annually. They have also created 55,000 job opportunities in factories, services, and housing.

But have these cities solved the population problem and have they achieved the estimated population density?

According to preliminary studies of the first group of cities, these were supposed to absorb 3.5 million people. But so far, the population of the oldest of these cities, 10th Ramadan, has not exceeded 21,000 people, while 15 May city has a population of 21,000, October city 13,000, al-Sadat city 11,000, Burj al-'Arab city 3,000, Dumyat al-Jadidah city 2,000, and al-Salihyah al-Jadidah city 4,000.

In other words, only 29 percent of the targeted population in these cities has been achieved.

Dr. Milad Hanna, a housing expert, affirms that the new cities have succeeded in attracting various industries. New major industrial bases have been established in 10th Ramadan, 6th October, and Burj al-'Arab which, had they been established in the capital, would have completely choked it. But the reverse side of this success is

the failure to solve or diminish the population problem. These cities have been unable to build up the desired population density, the main reason probably being the lack of coordination in housing in the new cities and housing in the old cities. Most of those who bought land or houses in these cities kept them in order to resell them when the prices go up. Only a few people, whom the housing shortage forced to live in a new city, daily commute to Cairo to work. Factory workers in these cities use fleets of buses to commute to their homes in other cities. Therefore, populating these cities with real inhabitants so far did not succeed, but what has succeeded was populating them with heavy, middle, and light industries.

Dr. Milad Hanna objects to the policy of ownership on which the government insists. He says: It has been one of the reasons for the people abandoning the new cities. They bought housing units and the land on which they are built but they did not benefit from them. The government should have adopted the policy of leasing at subsidized rates for those who have jobs in those cities.

But what has happened now, after the recent decision to increase the amount of installment payments for government housing ownership in the new cities to a level beyond the means of fixed income people, is the creation of confusion among the people and the weakening of loyalty to these cities, even among their inhabitants and those working in them.

The management of these cities, Dr. Milad Hanna added, does not belong to the local councils as it does in the rest of the cities, nor are these cities independent places that inspire and promote loyalty among those working in them, because chairmen of these cities are continuously being transferred and changed. Therefore, the new cities should be given independent powers to elect their chairmen and should be regarded as democratic oases enjoying some kind of autonomy in matters of services, and be fully accountable to their inhabitants, just as it is in the case of the three canal cities.

Dr. 'Abd al-Baqi Ibrahim, professor of architecture at 'Ayn Shams University, says that the policy of building new cities was necessary to solve the economic and social problems in the existing cities and the expected population increase in the future. But these cities need new means to attract inhabitants by adopting new legislation, regulations, and systems. One example is to reduce taxes and the cost of services, and increase food and building materials subsidies in order to encourage people to live and settle in those cities. There is also need for material and inkind incentives that would induce people to voluntarily move to the new cities.

Moving some universities and academies to the new cities will also attract citizens to them.

He also calls for settling those working in factories and services in the cities in which they work and for providing them the opportunity to substitute their original houses with houses in those cities within the limits of

their means, and for organizing a social life suitable for the families that move to them so that these cities will not become a prison to which people hate to go.

Research by Dr. Nuha Fahmi, a consultant at the National Center for Social and Criminal Research, recommends going slowly with building more new cities and calls for the need to define the function of any new city, should there be an absolute need for building it. There is also the need for the major functions of any city to complement the functions of the surrounding rural and urban areas, because the building of cities is not an end in itself, unless they serve a higher objective, which is boosting the efficacy of the state economy.

She believes that the policy of striving to develop the existing small and medium cities could succeed, because basically they rely on self-growth from within more than on incentives for their growth. Inhabitants already exist in these cities and economic activities are available, which enables these cities to expand and grow.

Engineer Wasfi Mubashir, chairman of the Construction and Housing Cooperative Authority, believes that the building of new cities is not the plan of the Ministry of Housing alone, but also that of the state and all its organs. He calls for the need to change the prevalent concepts, especially among the youth, in order to resist the idea of concentrating in Cairo. The media should play a role in this. Also, sufficient job opportunities should be created so that a new city will not become only a place to sleep or a place to work.

Mubashir stresses the need for all the service ministries to lay down comprehensive plans before a city is built in order to provide basic health, education, and supply services so as to ensure a stable life in the city without it being dependent on neighboring cities, and the need to provide transportation facilities in order to link these cities with the cities around them.

The Ministry of Construction, he added, has fulfilled its role, and now it is up to the other ministries to cooperate and offer their services to the inhabitants of the new cities. There are ministries that are still indifferent because they have priorities more important than building new cities.

The question of new cities was the subject of a symposium that was held a few years ago to discuss ways of developing them and solving their problems. The symposium recommended that every new city should draw up a time-plan for the implementation of its services program so that the ministries will include them in their plans. It also recommended the need to improve the condition of workers employed in the new cities' departments and to apply the public sector law to them in order to attract them to these cities.

The symposium underline the importance of giving each city a distinctive character by establishing in it a service unique to it, something that has not yet been achieved.

It also called for laying down a standard architectural design for each city to which it should adhere, shunning economic housing that is now prevalent in popular quarters, and relying on building material available in the area, also something which has not been achieved.

Another recommendation of this symposium was to not sell land for house building except to those who live in the new cities, and to provide land for the establishment of production projects and for the housing of workers employed in them. It also stressed the need to adopt the systems of both lease and ownership with easy payments to suit all levels of people moving to the city.

Finally, what is the objective of building these new cities?

The objective is to decrease population in high density areas, to establish industrial cities that would attract heavy and medium industries and create job opportunities, and to meet the basic needs of an increasing number of people who leave their place of origin in hope of a better life.

But the reality is that there is difficulty in attracting inhabitants to live in desolate places in the desert due to the unavailability of sufficient job opportunities and job variety, in addition to the lack of planning for the social life of the families that move to these cities. Finally, there is a shortage of basic services such as health care and commercial centers.

The solution, as seen by housing experts, is to provide opportunities to obtain housing in the new cities without conducting a social and economic study of the housing applicant's condition, and to give housing priority to those working in these cities suitable to their income. There is also need to provide incentives that would encourage citizens to move to these cities and to move projects whose contracts in the old cities have expired to the new cities. There is also a need to complete the basic utilities and the commercial and economic projects in order to create self-sufficiency and so that there will be no need to rely on the old cities in providing living necessities, and to provide adequate means of low fare transportation all day long. Further, there is need for cooperation between the various organs and ministries to solve problems and to provide the essential services.

Changing Europe's Impact on Suez Canal's Future Treated

90AA0103A London AL-DUSTUR
in Arabic 2 Apr 90 pp 18-19

[Article by Tal'at Isma'il: "Does Israeli Two Seas Canal Project Threaten Suez Canal?"]

[Text] The Suez Canal is considered among the most important economic bases on which Egypt relies for its national revenues—in addition to tourism, petroleum, and Egyptians working abroad. The steady increase in these revenues is obvious from following the shipping

traffic in the Canal and the income generated from it. During 1989 Egypt realized \$1,000,337,000 from the Canal, against \$1,000,298,000 in 1988, and it is expected that the Canal's revenues, by the end of 1990, will reach \$1.5 billion.

At the same time the Suez Canal faces numerous challenges, in the forefront of which is the drop in petroleum prices, which negatively affects its revenues. The unified Europe of 1992 and the likelihood of a drop in the level of trade between East and West also may have another effect on the Canal's revenues. In addition to that, is Israel's frequently mentioned intention to build the Two Seas Canal to link the Mediterranean and Dead Seas. In the event such a plan is carried out, the ensuing decline in shipping traffic and the passage of ships through the Suez Canal is considered another challenge. Before all else, the security threats facing the Red Sea—the artery of life with respect to the Canal—is considered the most serious of those challenges.

AL-DUSTUR went to Isma'iliyah, where the headquarters for the Canal is located, and met with Dr. Engineer Faruq Abu-Talib, the director of the office of the chairman of the Suez Canal Authority, who was deputized by Engineer 'Izzat 'Adil, the chairman of the Authority, to talk about the foregoing and other points. This is in view of the latter's imminent departure for Japan and some countries of East Asia to learn about anticipated developments in the sizes and capacities of the oil supertankers and huge ships in the 1990s.

To begin with, concerning the effect of a unified Europe and the likelihood of reduced trade activity between East and West on the passage of ships through the Suez Canal, Dr. Faruq Abu-Talib said: "The dry goods trade traffic in the Canal depends upon the growth and development of the traffic in commercial transport by sea, and this growth is based necessarily on growth in commercial exchange operations between countries (the importers and the exporters). So long as life goes on, such growth will continue. Certainly there is a connection between the movement of goods and its increase in the Suez Canal and the increase in world trade moved by sea. As for the unified Europe of 1992, according to our information there are European ports being readied right now to be like centers to receive the maritime trade traffic, and these ports will be linked by land and by river with most of the European countries. One of these ports is the port of Rotterdam, which is now prepared to receive the trade traffic coming to unified Europe from the Far East, Australia, South Africa, and the Arab Gulf, and of necessity the trade traffic leading to this port will be through the Suez Canal."

The director of the office of the chairman of the Canal [Authority] added: "Likewise, despite our expectations of increased trade activity between unified Europe and East Europe after the changes which occurred recently, our economic studies will continue, inasmuch as using the Suez Canal is the most attractive and the most economical route compared to any other alternate

routes. We are not ignorant of what is taking place around us, and this is what makes us undertake an annual review of the level of fees for ships transiting the Canal."

[AL-DUSTUR] "Israel" intends to construct a canal to connect the Dead Sea to the Mediterranean Sea, which is known as the Two Seas Canal. To what extent could the digging of a canal like this affect shipping traffic in the Suez Canal?

[Abu-Talib] There is no doubt that the digging of a canal is not an easy matter. According to our information, that canal will pass through rugged areas, will cost enormous amounts of money, and will take a great deal of time to reach the level of a strip such as the Suez Canal, which has the advantage of more than 100 years' development. This means that any strip comparable to it will need amounts of money exceeding the budgets of whole countries.

[AL-DUSTUR] But is it impossible to implement a canal like that?

[Abu-Talib] It is not an easy operation. In general, in the event it is constructed, it will have an adverse effect on the Suez Canal, creating a kind of competition between the two parties.

[AL-DUSTUR] After the explosions which the Red Sea has witnessed in previous periods and the likely threats at the present time, what in your opinion is the position which must be taken regarding this situation, especially since the Red Sea is the vital sphere and southern entrance to the Canal?

[Abu-Talib] The explosions in the Red Sea to which you referred were limited conditions and did not take on the nature of actual threats. They were merely simple "skirmishes" and were controlled. Nevertheless, cooperation and mutual understanding among the riparian countries of the Red Sea is a necessity, and we welcome such cooperation to secure the Red Sea against any enemy who tries to rob the region of peace.

[AL-DUSTUR] The Suez Canal has recently witnessed a number of incidents and the stranding of some ships. Some interpreted that as being planned. What is your interpretation of those incidents?

[Abu-Talib] They were ordinary incidents occurring in uncommon circumstances. By way of example, the transiting ship may enter the Canal in reasonable weather, then afterwards an aquatic "fog" suddenly occurs in a specific area and perhaps there is none in another area nearby. This "fog" may obscure the view of the ship, which needs time to stop, and consequently the stranding occurs. It is less serious for ships than collisions.

[AL-DUSTUR] But those incidents have occurred repeatedly?

[Abu-Talib] This goes back to the bad weather in Egypt during the month of February, when winds intensify and clouds darken the sky, which leads to those incidents. Natural circumstances are primarily responsible for them. I want to mention that the Authority is currently undertaking a project to expand and raise the adequacy and safeguards for ship traffic in the southern area of the Canal where some of the incidents occurred.

[AL-DUSTUR] It is known that the expansions to which you referred come within a plan for the development of the Canal. How far has that plan gone so far?

[Abu-Talib] We have carried out the first stage of the development project permitting the passage of tankers with a cargo of 150,000 tons and a draught of 53 feet and empty tankers up to 500,000 tons. Likewise, between 90 and 95 percent of the dry goods ships can pass easily. Nevertheless, there is a body of big ships and another body of supertankers of more than 150,000 tons which cannot pass at the present time. They use the Cape of Good Hope route in transporting oil from the Arab Gulf to America and Europe, and they represent a very considerable percentage at which the second plan is aiming.

[AL-DUSTUR] Why has the second stage been delayed up to now?

[Abu-Talib] A glut in the tankers market and a state of recession in past years did not encourage implementation of the second stage to expand the Canal so as to permit the passage of tankers with a cargo of 270,000 tons. The economic study for this stage was reviewed more than once. The change in the market, which has become more balanced from the standpoint of the big tankers and the amounts of oil transported to America and Europe, has made us reconsider the matter at the present time, and a study is now being made in which three quarters are participating, including a foreign expert establishment, an Arab expert establishment (Dar al-Handasah) and an Egyptian expert establishment, under the supervision of the economic unit in the Suez Canal Authority. This is an 18-month study financed by the Arab Development Bank. If the economics of the plan are proven, work will commence immediately to carry out the second stage, which will take four years and cost between 800 million and one billion Egyptian pounds.

[AL-DUSTUR] What is the nature of this stage?

[Abu-Talib] It consists of an operation of digging below the water to expand the sea channel. The Authority's fleet will participate most energetically in these operations. The rest of the operations will be submitted to contractors in international bidding, and the matter may require reliance on long-term loans. It is for this reason that the help of a foreign expert establishment and an Arab expert establishment have been sought. The Arab brothers have expressed their readiness to participate in the project, in addition to Japan, and we are awaiting the completion of the study which began last October.

[AL-DUSTUR] At the mention of Arab cooperation in developing the Canal.... it is known that the Authority has a number of companies working in the maritime field. Is there cooperation between Egypt and some of the Arab states in this field?

[Abu-Talib] Of course there is cooperation. During the closing of the Canal after 1967, Suez Canal Authority equipment carried out the operations of a number of Arab ports, including the port of Tartus in Syria and Darna in Libya, and recently a group representing the companies of the Authority travelled to Iraq to discuss the extent of cooperation and the possibility of participating in restoring the Iraqi ports to operation with the end of the war. There are contacts going on now in this regard. The Authority, with its vast maritime experience, will not hesitate to offer any assistance to Arab sisters.

[AL-DUSTUR] In past years, the case of the passage of nuclear vessels through the Suez Canal and the extent of danger that represents was raised in Egypt. What are the controls on the passage of these vessels? Are they permitted to transit the Canal at all?

[Abu-Talib] The passage of nuclear vessels through the Suez Canal is forbidden by law.

[AL-DUSTUR] But for the past two years two American nuclear vessels have repeatedly transited the Canal?

[Abu-Talib] I have no knowledge of this occurrence. The basic rule is that the passage of those vessels is not permitted.

[AL-DUSTUR] Last November, the Suez Canal Authority raised the fees for transiting the Canal. It was said that such a hike in fees might lead to preventing some ships from transiting. What are the factors which govern raising or lowering those fees?

[Abu-Talib] The setting of fees is studied annually. There are factors affecting the level of the fees in the Canal, including the prices of fuels, which depend upon the prices of petroleum, which change throughout the year. Secondly, there are the prices of the "freightage," or the rates for leasing the ships, which rise when resurgence and sales occur in the market. These prices depend upon the amount of surplus which the Suez Canal realizes per ship. Also among the factors which govern the Canal fees is the relationship of the unit of withdrawal charges for the dollar on which the Suez Canal fees are based, as well as the shipping lines and their traffic and the technology of shipbuilding because, as you know, modern ships use less power and fuel at the same speed than the old ships—half as much in some cases—and this factor has a negative effect upon the Suez Canal. Therefore, the setting of the transit fees in the Canal is subject to studying each of those matters separately and collectively before raising or lowering the fees for transiting the Suez Canal.

Editorial Challenges Government To Weed Out Corruption

90AA0041A Cairo AL-SHA'B in Arabic 20 Mar 90 p 5

[Article by Dr. Muhammad Hilmi Murad: "They Have Proven That They Cover Up Corruption; I Challenge the Head of Government"]

[Text] An interrogatory into government corruption, submitted more than two years ago by opposition deputy 'Alawi Hafiz, recently came before the People's Assembly. The government had no shame or embarrassment at not responding for so long to a charge of dishonesty, but this is typical of its indifference to the people and sets a bad example for the dishonest, the fraudulent, and the dishonorable.

Instead of responding objectively to the charges, Dr. 'Atif Sidki unfortunately questioned the motives of the inquirer. He dodged verifying the charges and avoided quick action to clog the avenues of corruption.

I say unfortunately because he is a man known for civility and for not being a thief like the others. Still, he should be held accountable for not speaking up against corruption and for not removing thieves and crooks from positions of leadership and responsibility. He is accountable for not instituting measures to safeguard public funds, even though he once headed the Central Audit Authority charged with fiscal oversight and with protecting public funds against pillaging and plundering. Consequently, he is charged with conspiracy to perpetrate this national crime against Egypt and its people by covering up corruption, protecting the corrupt, and leaving the doors open for gangs of thieves. Such actions have encouraged, even incited, others to emulate them [the corrupt] and follow their example.

It makes no difference whether the interrogatory and the points it raised were prompted by faith and patriotism or by the interrogator's anger at being denied a request for promotion from a deputy minister to a minister of local government.

[Sidki] has no right to describe as "theatrics" any constitutional means, such as an interrogatory, for oversight on government. A government is supposed to respond to an interrogatory either by proving that the accusations are false or by setting to investigate the allegations with honesty and impartiality. It is not sufficient to simply deny the charges on the premise that government always tells the truth, even when at the center of accusation.

It is not proper to skirt the issue by claiming that the docket numbers communicated by the inquiring deputy belonged to cases that had nothing to do with the query at hand. It was incumbent upon the government, through the prosecutor's office, to request the pertinent files, even if their correct numbers were not readily known.

It is not acceptable to use a fake absolute majority as rationale to terminate the inquiry and move to the agenda without settling the matter by referring it to a

parliamentary committee to examine the facts, documents, and foreign books reported by the deputy and to question the witnesses he said were willing to testify. This leaves the accusations hanging on the government and the prime minister in the minds and hearts of citizens, despite the Assembly's whitewash of the government. The charges will enter the history books and will remain forever a black spot on the ruling authorities.

But this did not satisfy government journalists. One veteran journalist who justifies all government mistakes wrote that what the documents claimed by the interrogating deputy to expose corruption were nothing more than foreign books published abroad and that the books, as well as proceedings of the U.S. Congress, are readily available to those who want them.

And yet, the journalist blamed the interrogating deputy for not filing those documents with the Assembly's secretariat as promised, even though that would have been perfunctory, since the fake majority has aborted the investigation by not forming a parliamentary committee to look into charges [serious enough] to be the subject of books and of U.S. Congress proceedings!

Were the government, the ruling party, and the present regime intent on routing corruption and the corrupt, and on providing honest government, a parliamentary committee would have been formed to investigate the allegations contained in those books and proceedings. The documents could be obtained through the interrogating deputy or elsewhere since they are readily available.

A legislative reporter commented on this interrogatory in a major daily under the headline: "Interrogatory on Corruption Dismissed for Insufficient Proof." That headline in itself points a finger at the ruling majority in the People's Assembly. It means that the interrogating deputy presented actual and specific evidence even though it was not enough to indict, and that People's Assembly should have sought proof through an investigative committee. This is what happened, for example, when newspapers accused President Nixon of ordering wiretaps of the opposition. The U.S. Congress sought more evidence either to prove the charges or to refute them. As it were, there was no indictment for the lack of proof.

But it is shirking of responsibility and questionable coverup to abort the interrogatory without scrutiny or discussion of suspicions and evidence, material and circumstantial, of government wrongdoing. It is not proper to disregard an accusation or shelve it until a thorough and full investigation has been made. The action, otherwise, would be flawed and suspect of whitewash and the lack of desire to seek the truth.

An editor-in-chief of a major newspaper bemoaned this talk about a patriotic nonimperialist government as if it were lax in uncovering corruption or were engaged in a coverup, and as if it were "a government of invading imperialists that rules an occupied people and endeavors to harvest its resources and ship them to the colonialist

capital." Our response is to merely ask the writer to read his own newspaper for chapters on the history of some corrupt regimes and dishonest rulers who were not imperialists. He should rethink his statement and realize that native governments can be corrupt also. Or is the writer implying that corruption by native governments is not pillaging and looting but should be tolerated as permissible because our resources are not being plundered by a foreign imperialist? Does being all in the family, as the saying goes, make it alright?

Writers continue to quote the president and the prime minister and assert, in articles that ignore the public interest and disregard the good of society that there has been no coverup. Dr. 'Atif Sidki went as far as to challenge anybody to prove that the government has failed to investigate any corruption charge that came to its attention.

I accept the challenge! I say to him that I repeatedly wrote in AL-SHA'B about aberrations in the petroleum sector in 1985 and then again in 1987 and 1988. Even a little of that would have prompted any integrity-respecting country to initiate wide-scale investigations, would have caused governments to fall, and would have resulted in sanitizing that sector and restructuring to give the country the benefit of its considerable returns.

There are claims that the matter in being investigated by the State Security prosecutor. This is not completely true because the prosecutor has acted only at the request of petroleum minister 'Abd-al-Hadi Qandil to investigate certain incidents of his choosing and specific articles that he considered libelous. After the investigation was over, I demanded of former attorney general Councillor 'Abd-al-'Aziz al-Jundi that the investigation be expanded to cover the points raised in all my articles as a whole since they were all part of a series and none of them should stand on its own. He approved my motion and, as requested, I filed with the State Security prosecutor a full set of my articles. That was in June of 1988 and no investigation of the facts in my articles has been completed.

I filed with the financial prosecutor on 7 May 1988 a complaint citing eight counts of aberrations and irregularities by engineer Kamal Mustafa, president of Petrogypt Company (Petroleum Projects and Technical Consulting Company). There was no action there for a full year until I was summoned to submit collaborating documents to the Nuzhah prosecutor's office. I appeared at that office on 12 June 1989 and submitted three folders containing 28 documents. That was some nine months ago and they are still to be investigated!

I recently published a book titled "Corruption in the Egyptian Petroleum Sector" in which I cited the above and other facts as well as the memo I submitted, to no response, to president Muhammad Husni Mubarak to make him face up to his responsibilities vis-a-vis the charges against the minister of petroleum. My objective was to record my findings in a book that may be used one

day, and such a day will certainly come if God is willing, to help straighten out the Egyptian petroleum sector and its [officials] who strayed away from the straight path.

I accept Dr. 'Atif Sidki's challenge to show that the government knew of corruption and looked the other way. I consider the contents of my book a challenge not only to his government but also to the ruling regime that is covering up corruption in the petroleum sector.

I also dare Dr. 'Atif Sidki to release the names of those who gave Mercedes automobiles as gifts to certain ministers, as he announced at the People's Assembly in answer to criticism that the government is wasteful and has countermanded a decision not to buy any more government cars. We need to find out if that was a means of circumventing that decision or a criminal bribe.

It is true that the cars are not gifts to the ministers personally, but they are nevertheless for their use and enjoyment. They represent benefits that could be construed by the penal code as a bribe if related to the [ministers'] performance of their duties.

We learned that some of those cars were gifts from foreign oil companies that operate in Egypt and are exempt from taxes. It would make no sense for those companies to donate such valuable gifts unless it served their interests and facilitated their dealings with the government, especially since all their expenses in Egypt are considered exploration expenses to be deducted from extracted petroleum under the terms of their contracts which are supervised by the Egyptians petroleum authority.

It is not at all fitting to take the government statement as the ultimate truth since it stands accused.

A few years ago, questions on the safe shipment of U.S. armament to Egypt were brought up before the 8 November 1982 session of the People's Assembly. The questions were prompted by U.S. press reports reprinted in AL-SHA'B. The late Mahmud Rashwan, then minister of People's Assembly and Consultative Council affairs, stood in for the government to deny that it knew of any irregularities in the delivery of those weapons. He claimed that shipping expenses and procedures were proper and by the book.

Eight months later, on 22 July 1983, an East Virginia, U.S.A., court ruled on felony #147A for 1983. The defendants were the Egyptian government representative and the corporation that was created especially to handle the shipping. The verdict, based on confessions, invalidated a negotiated settlement to pay back \$3.2 million of the amounts illegally expended from a U.S. government loan to Egypt to cover the costs of shipping the weapons. That accounted for only eight of 34 shipments completed by that date. The court also imposed on the aforementioned corporation fines amounting to \$20,000 for each count of indictment.

Those shipments were completed prior to the government's statement in the People's Assembly: proof that its disavowal was contrary to fact. How then can we trust the veracity of Dr. Atif Sidki's statement that the armaments are currently being shipped properly, especially since the inquiring deputy emphasizes in his brief that some of the convicted are still active in that field and that irregularities continue?

Is it not worthwhile to establish oversight on the military's huge expenditures in that regard and to reexamine the authorization, in effect since the al-Sadat era, to conclude arms deals without accountability?

It came up at the time of the interrogatory that a deliberate act caused the plane crash the claimed the lives of Marshall Ahmad Badawi and 14 other high-ranking officers. The pilot survived but was later killed, supposedly by a house burglar at his apartment in al-'Ajuzah, apparently to silence him.

These are serious charges in the rotunda of the Assembly against the government which should have responded by reopening the investigation and securing the deputy's statement as he specifically requested. This is imperative in view of the fact that the first incident was investigated only by the armed forces and since the prosecutor did not indicate that the second incident was anything more than an routine crime.

It is incumbent upon the government to do so in order to squelch rumors, reassure men of the armed forces, and refute allegations of a coverup. We await!

IRAQ

Iraqi Assistance To Fight Crime, Train Police
90AF0114Y Djibouti LA NATION DE DJIBOUTI
in French 8 Mar 90 p 3

[Article: "Cooperation in War Against Crime"]

[Text] Police personnel training and Iraqi-Djiboutian cooperation in the war against crime were the focus last Thursday of talks between Iraqi Interior Minister Samir 'Abd-al-Wahhab and his Djiboutian counterpart, Mr. Khairah Allaleh Hared.

Mr. 'Abd-al-Wahhab was in Djibouti last Thursday and Friday for a 24-hour official working visit, in response to an invitation from Djibouti's interior minister. Mr. Hared had visited Baghdad in March 1989.

The two cabinet officials agreed to move forward with implementation of a technical and administrative cooperation agreement both parties had signed in March 1989.

Mr. 'Abd-al-Wahhab was also received by the head of state, His Excellency El Hadj Hassan Gouled Aptidon.

ISRAEL

Islamic Movement Leader Aspires Toward Knesset

90AE0014A Tel Aviv MA'ARIV
in Hebrew 6 Apr 90 pp 22, 24, 26, 28

[Profile of, and remarks by, 'Abdallah Nimr Mahmud Darwish; by 'Amos Gilboa'; date and place not specified]

[Text] There are currently many shaykhs in the Arab sector in Israel—young, educated, preachers of religion with black beards. Only one of them is preeminent. He is Shaykh 'Abdallah from Qafr Qasim—the guide, the arbiter, the founder and leader of the "Islamic movement" in Israel, and the ascending power sweeping through Arab society. All youths on the Arab scene know him, as do all adults, including admirers and opponents.

His physical appearance is not striking. He is not a prince, nor is he from a rich family. At 42, he is short, rotund, and disabled, with a short, sparse beard and closely cropped, greying hair. He wears clogs and a galabiya. He has intelligent eyes, a brilliant mind, and great charisma, which has made him a focus of debate in Arab society in Israel.

He is not exactly Rabbi 'Ovadiya Yosef, and he is certainly not the venerable Rabbi Shakh. 'Abdallah is primarily a politician. He states: "You, the Jews, do not understand our religion. It is not only spiritual. Everything goes together—society, economics, politics. A Muslim religious figure is concerned with matters of state and the economy. He is not just responsible for spiritual matters."

However, 'Abdallah feels a certain closeness to Jewish religious figures, especially Rabbi 'Ovadiya: "I heard that Rabin said that he found Rabbi 'Ovadiya Yosef well-versed and experienced in mundane affairs." Shaykh 'Abdallah is also a man of the world, who combines political action with religious sermonizing. He respects Rabbi Shakh, but nonetheless wonders: What does this old man have to do with matters of state? What does he understand about the Knesset, transition governments, and the secrets of politics? 'Abdallah is an expert regarding all of these matters. Moreover: "With all due respect, I am not willing to be the Rabbi Shakh of the Islamic movement. The entire state is standing aside until his honor, with all due respect to him, awakens from his slumber and decides whether or not the state will continue. I do not accept this." 'Abdallah makes this statement with enthusiasm and theatrics, like a first-rate actor. Suspicion creeps into your heart: Is it not his ambition to—in the not too distant future—attain a position in which Arab Knesset members will kiss his hand, and they and the Israeli Government will hang on his every word?

'Abdallah Nimr Mahmud Darwish, of the 'Isah clan, the largest in Qafr Qasim, was born in 1948, at the height of the War of Independence, to a farming family that

owned land but was not rich. They were peasants who went out to the fields every morning and returned at dusk. "I have recognized the value of land since my childhood," he states with yearning. "I grew up in an atmosphere of peasant celebration, preparations to go out to the field, and the harvest season. The good taste of work remains with me. I will not forget it." [closing quotation mark supplied] Nor will he forget the bitterness of land expropriation. "They also expropriated land from our family. Whoever thinks that this will be forgotten is mistaken. Land Day is not incidental. Agriculture is unprofitable nowadays, but it returns the Arab to his land. The young generation is returning to the land. I encourage this and hope that there will be a specific solution to the land problem."

Is this a true childhood memory, or is it an idealization of a political goal, namely, to make a future demand for the return of land that was expropriated in the past—the land on which Rosh Ha'ayin and the surrounding kibbutzim now sit? What exactly does he mean when he says that the refugees' "right of return" must be resolved through negotiations. When you ask him how this matter is to be resolved, he says: "I do not know. I cannot speak on behalf of someone currently living in America. I am here. There will be fair negotiations. All subjects will be discussed. The main thing is to talk. Whatever is not resolved today, will be resolved tomorrow, or the day after tomorrow."

When he was 8 months old, his arms and legs were stricken with polio. As a disabled child, the fourth eldest in a family of 12, he was much loved, cared for, and somewhat pitied. He received a lot of warmth and was never beaten. When he was 9, he was operated on twice. The operation on his legs was successful. The operation on his arms was not. His left arm is deformed, the right somewhat less so. He spent a year intermittently at Tel-Hashomer Hospital, and lost a year of school. "There was an injured soldier there who helped me. I do not remember his name. Nurse Rina cared for me. They deserve thanks. I want them to call me at 03-9370706. This is a good experience that I had with Jews. I will not forget it."

Because 'Abdallah is a first-rate public relations and media person—a man of the masses, a personal contact person, a microphone person—he does not seclude himself. He has a burning need to be recognized and appreciated by Arabs and Jews alike. "The media is strong in Israel, very strong," he states. He knows its reporters and broadcasters, and the telephone numbers of the various newsrooms. He reads HA'ARETZ, 'AL-HAMISHMAR, and DAVAR daily. If he misses something, he is at pains to get himself up to date. He also reads MA'ARIV, especially the reliable news columns about himself, YEDI'OT AHARONOT on Fridays, and HADASHOT from time to time. "HADASHOT HABOQER HAZE [This Morning's News]" or BOQER TOV YISRA'EL [Good Morning Israel] are required as far as he is concerned, as are the Mabat, Mabat Sheni, and Moqed

television news programs. He also tunes into Radio Monte Carlo, some Jordanian television, and Egyptian news.

He has mastery of Hebrew, of which he is very proud. "This is the official language and one must know it. We are more advanced than the Jews in this regard. When the Jews understand Arabic, they will read and learn that our history was not only that of wars. Our history also contains glowing pages pertaining to Muslim-Jewish relations."

The darkest experience of his childhood is the massacre in Qafr Qasim in 1956. "I was one of the children who were sent to the fields to tell the workers of the curfew. I returned with the workers in the cart. They got off the cart and were killed. I, the smallest, remained in the cart and was saved. My good friend and classmate was killed, as was my uncle Ghazi. I remember well the screams and the weeping in the village and the first demonstration march to the cemetery. Today, I am a resolute supporter of the importance of peace. There has been enough bloodshed. It is a commandment to free oneself of bitterness and fear by resolving the conflict."

His peers cast doubt on his story about how he was saved from death. "How is that they sent 'Abdallah to the workers," they say. "His legs were still disabled; it was before the operation!" In either case, 'Abdallah plays strongly on this experience. For years he has been the main speaker at annual memorial ceremonies in Qafr Qasim, in which he has declared the importance of coexistence, understanding, and the need to stop the fighting and eliminate the mutual fear and suspicion that exists between Jews and Arabs. Such sentiments make up his public motto, especially before Jewish audiences.

A short time ago, Ehud Olmert, the minister responsible for minority affairs, visited Qafr Qasim. His first stop was the bedouin neighborhood. Many policeman and Border Guard vehicles were present. Young boys and mothers began to shout "the Jews, the Jews." A riot was imminent. 'Abdallah, who was watching from the side dressed in a brown galabiya, pressed toward the mothers. "Relax, relax," he told them in his warm, electrifying voice. "Good Jews are coming to do a favor and to help." Everyone quieted down, because the shaykh had spoken and soothed them. Olmert approached him, shook his hand, said hello, and turned to continue his visit. 'Abdallah then turned to one of Olmert's escorts and explained to him, as a teacher to his student: "Do you see how afraid they are? I walked about without fear in my childhood. Now, when I wear a cloak, all of the Jews think that I am a terrorist. My goal is to eliminate the fear and the dread of the young generation, so that they will not live in fear. The only solution is peace."

As a boy, 'Abdallah frequented Petah-Tiqwa, not to spend leisure time, but to visit physicians. The tall buildings, the roads, the cars, and especially the falafel and the pork of the city attracted his eye. "We used to

call it city meat." 'Abdallah is also a fan of the Petah-Tiqwa Hapo'el soccer team to this day. In Stalmakh's days, he did not miss one match in Hapo'el's old stadium. He shouted and cheered like crazy at tournament games. "How did Stalmakh check, and how was Kaufman," he groaned. "How great they were!" Later, when he was at the Islamic College in Nabulus, he would telephone the village on Saturday evening to find out the league results, always asking first "how did Petah-Tiqwa do?" He himself played in the village despite the disability in his arms. "Perhaps, precisely for this reason, he was such an enthusiastic player and made so many fouls," his friends remember. His brother was renowned among the village's goalkeepers.

He excelled at the popular school in the village. His youth was typical of that of Arab youth in Israel in the early 1960s. They admired Nasir. They prayed that he would save the Arab nation. They listened to SAWT AL-ARAB [Arab Voice] broadcasts from Cairo and nationalistic songs. Each year, on Israeli Independence Day "we never felt independence; only the Jews had independence, but we all participated, because there was no choice. Now, we are not forced. Gradually, these celebrations have begun to contribute to our awareness of the need for Palestinian independence. The al-Ard [Land] Movement contributed to that. After 1967, it became stronger."

In 1964, he began to study at the high school in al-Taybah. A year later, he transferred to the high school in Tiberius, completing his studies there without matriculating. "I was not lazy," he states, "there was not enough money then because of the recession." The truth is that he failed. Instead of studying, he spent time in the coffee houses of al-Taybah and Tirah. He drank some, gambled, and was an avid player of the lottery. All of these activities are only memories. Now he only smokes—Kent regular usually. "I am not addicted. I could stop tomorrow if I wanted." He has not stopped yet.

The 1967 War came, the Green Line was opened, and young 'Abdallah idled away in the village. What was to be done with the beloved, disabled son? His parents and the head of the village council, a member of the 'Isah clan, were concerned about him and found a solution. In 1968, they sent him to the Islamic College in Nabulus, hoping that when the unfortunate 'Abdallah returned, he would at least be able to earn a living in the village mosque. However, for 'Abdallah, a new world was opened, the world of Islam and its power. This was his second birth according to him.

He spent 4 years in the college in Nabulus and at the Islamic religious court there. His good comprehension, studiousness, inquiring nature, and curiosity found expression there. Above all, there was reading. He devours books. His home currently houses a very rich library, and he acquires every new book on Islam, history, law, and politics. He is most intrigued by the

biographies of politicians, such as the memoirs of Sadat, Begin, Carter, and many others. He is a walking encyclopedia.

In 1972, he returned to the village and to the beginning of the history of the "Islamic movement" in Israel. But first he married. It was difficult to find him a bride in the village. His brother married the woman whom he had his eye on. They searched and finally found a relative on his mother's side from the city of Qalqiliyah. Her name is Subhiyah, and she is tall. They brought her to the village in a decorated Pontiac.

"My wedding was the first Islamic wedding in the village, and my wife was the first girl in the village to wear the jilbab, the traditional dress of Muslim women," he says proudly. Old-timers in the village say that "this was a regular wedding. Islamic weddings, without drinking or mixed dancing, and with religious songs, began only 10 years later."

Whatever the case may be, 'Abdallah loves his five children. He neither strikes nor slaps them, but persuades, explains, and caresses. The eldest is his daughter Nusaybah, 14, followed by the twins Muhammad and Mu'ad, 12 and 1/2, Khatibah, 11, and the beloved youngest, Bar'ah, 4 and 1/2. All members of the extended family currently live in the village except for two: One of his brothers went to Germany and married a Christian, and one of his uncles married a Jewish woman, with whom he lives in Tel Aviv.

The beginning was difficult. He worked as a part-time teacher of Islam and the Arabic language for 500 pounds per month. He was frequently absent from school. "I had to supplement my salary, so I started selling vegetables and tamarind juice." However, this was not the main reason. He devoted all of his time to encouraging repentance and calling people to Islam in the small mosques in the village, in the coffee houses, in the Histadrut [labor union] clubhouse, and at weddings. His mastery of Arabic, his oratorical ability and eloquence are astounding and sensitive, and in Muslim society, religion is a sensitive, deeply rooted matter. People are drawn to any oration that is peppered with verses from the Koran and sayings of the prophet Muhammad and his companions.

'Abdallah is a "psychologist." He understands a person's psyche and knows how to find the way to his heart. Slowly, a hard nucleus of young people gathered around him, recognized by their beards. They began to help the poor and fill the vacuum of concern for the individual and childhood education. They evidenced a new phenomenon of not taking, but only giving and helping in God's service through diligent, industrious field work in an organized, disciplined body that obeys the shaykh's word. Throughout this time, 'Abdallah made trips to Nabulus to visit his great law teacher, Shaykh Sa'id. Money was also apparently obtained there.

In 1975, he began to move outside the village, extending his activity to the villages of the triangle and Wadi 'Arah.

The triangle, unlike the Galilee, is entirely Muslim, without Christians or Druze. With a population of about 120,000, it contains about 17 percent of the Arab population in Israel.

He visited the villages of the triangle, obtained followers, and, in 1976, he appeared in Umm-al-Fahm, a communist stronghold characterized by the stench of sewage in the streets and severe social distress. "This was in the summer. It was very hot in the mosque. In a political speech lasting 40 minutes I said that it was necessary to return to one's roots. Old and young people came and listened. I found them hungering for faith, culture, and Islamic roots." Young people began to attend the Islamic colleges in Hebron and Nabulus. They returned to their villages and began sermonizing, establishing fellowships, and most importantly, "spreading margarine on the bread," i.e., providing assistance, establishing volunteer work camps, and contributing to society.

In 1979, he was dismissed from his position as a teacher ("I have no claims against the Education Ministry—they were right"). In 1980, an underground organization called "Family of the Jihad" was established. Its members stockpiled weapons in Qafr Qasim. What was his role in the organization? "I will relate and write about this when the time comes, when it will be possible," he says in an attempt to sound convincing. What is clear is that they would meet at night in his living room. He was arrested on a cold night in January 1981 and sentenced to 3 years in prison.

"In prison," 'Abdallah relates without pausing, "I had my second rebirth," i.e., a divine revelation, after a period of soul-searching and reflection, the essence of which is that one must act in the state of Israel according to the principles of Islam without violating the laws of the state. He left prison in 1984 with this basic line. The "Islamic movement" began to leap forward, and with it, 'Abdallah.

He moved from assembly to assembly, from mosque to mosque, and from one interview to the next. He began to visit the Galilee. He himself does not drive, but "he has transportation like that of the defense minister," it is said. Everyone volunteers to provide him with their vehicles and chauffeur services. The shaykh has only to say when, and a driver is standing before him immediately. The heads of the local councils send him their cars. It is an honor to transport the shaykh. To the halo of the man of religion was added the halo of a former security prisoner. His humility also conquers hearts. His house, which was built by his family and followers of the movement, is on the outskirts of the village. It is devoid of adornment, decoration, or Italian marble—a simple house with a simple living room, decorated with verses of the Koran.

Pilgrimages were made to his house during the campaign for the 1988 Knesset elections. Darawishah, it is said, begged 'Abdallah to give him his blessing and instruct people to vote for him, as did Mi'ari. The shaykh is wise,

clever, and cunning. The disinformation system worked overtime. No one gained his support. He had already made a decision in his mind: The "Islamic movement" would run in 1989 elections for the local authorities. This revolutionary decision meant entering into Israel's democratic, political game.

The results of the elections were a dizzying but not surprising success. His followers won in Umm-al-Fahm, Qafr Qasim, Jaljulyah, Qafr Bi'rah in the triangle, and in the bedouin municipality of Rahat in the south. In Nazareth, half of which is Christian, his followers won more than a third of all votes.

The shaykh was riding high, and the Communist Party, his rival, was flat on its face. The question is: Will his movement also run for Knesset elections, sweeping with it many votes?

This is not a simple matter to decide. It involves an ideological problem. The sovereign Knesset is not a municipal council. Entering the Knesset means clearly recognizing the sovereignty of the Jewish state. There is also a problem connected to the shaykh himself and to his status. His blind followers regard him as the prophet Muhammad. To his less blind followers, he is not a chaste angel, although he is at least the best, purest angel. In addition, not a few are disappointed with him and opposed to him.

The shaykh is capricious, they claim stridently. It is difficult to understand what exactly he wants. In public, mainly before Jewish audiences, he preaches coexistence and abidance by the laws of the state. However, in the monthly which he publishes (AL-SIRAT, "the Upright Path"), he incites. It is stated in AL-SIRAT that "the land of Palestine is an Arab, Islamic land that is the property of the entire Arab nation." Israel is called a "Nazi" and a "satan" that must be confronted. The magazine also contains other, mostly accusatory, statements.

In general, it is said that his word and promise are not good. The publication of the "Islamic movement," AL-SIRAT, is distributed in mosques after the Friday worship service. 'Abdallah was once asked: "Shaykh, is it possible to sell the YEDI'OT AHARONOT newspaper at the mosque?" "It is forbidden," the shaykh cried out. "However, why is AL-SIRAT sold there for a half shekel?" "Where is that done," asked the shaykh. "Here, in the village, at the mosque." "That is truly not good behavior," responded the shaykh, who then departed.

Within the movement itself, everything is not as it was in the past. His followers have matured. Some of them have become heads of local councils and municipalities, enjoying their own status and authorities. The most prominent of them is the head of the Umm-al-Fahm council, Salah Rayid Mahajinah. There is grumbling to the effect that the shaykh is old, too moderate, and too dictatorial. Nor is everything going well for him in his own village, Qafr Qasim. They know him there from the days when he ran around the alleys in shorts. Not long

ago, a completely secular wedding was held in the village and a belly dancer was brought in. What a disgrace, in the shaykh's birthplace, where, during the election campaign, he preached to women that anyone voting for an opponent of the "Islamic movement" would end up in Hell.

The shaykh is aware of all of this. He receives reports continually and does not become excited. "We are a democratic movement. I am not willing for Salah Rayid to be my mouthpiece. If Rayid says amen after everything I say, he is not fit to be a leader! He has his own mind and opinions.... However, I know—I am certain—that their leader is a man named 'Abdallah. This is incontestable. Sometimes, they even call me father, not just a leader."

He has already decided for himself: It is necessary to run in Knesset elections in a consolidated Arab list. In local municipal elections, his movement received 50,000 votes, which amount to more than two mandates. How many would it receive in Knesset elections? Five or six mandates? 'Abdallah refuses to predict. He is cautious. He knows that he could ascend or descend. If he ascends, and the possibility exists, it would be a new political earthquake in the state's political system, not only in the Arab sector. Do not be surprised!

[Box, p 28] The Mission: To Build a New, Repentant Person

Shaykh 'Abdallah on:

- A solution to the conflict: "A Palestinian state is not subject to debate. Its borders would be determined in negotiations with the PLO."
- The Israeli peace initiatives: "I favor elections in the territories and oppose autonomy."
- The State of Israel: "It needs to understand that it is facing an Arab sea and an Islamic ocean. It must adopt a policy that is acceptable to the Arab and Islamic world. How? Let the Jewish mind think about that."
- Hamas [Islamic Resistance Movement]: "From a political standpoint, there is a difference between them and us. We have the same God, but I have still not heard that they support a political solution."
- Jewish immigration from the Soviet Union: "Immigration [is acceptable], as long as it is not at the expense of others. If immigration strangles the Arab sector, then what would happen?"
- Shamir: "Constrained."
- Peres: "Constrained by Rabin and those in his camp who say no to the PLO and to a Palestinian state."
- The Israeli left: "Only the left is seeking the future of the Jewish people in the Middle East. Its members read the map correctly."
- Rabbi Der'i, the interior minister: "He is serious and truly cares for the Arabs. A chemistry developed between us when I explained to him that my primary mission is to educate and to build a new, repentant person."

Political Scientist Examines Political Spectrum

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[Response by Meron Benvenisti to Yosi Sarid]

[Text] Very ironically, precisely when I am completing my disengagement from the topic with which I have dealt for a generation, closing my research institute and imposing silence on myself regarding all that relates to the "territories," Yosi Sarid (HA'ARETZ 22 February 1990) suddenly sets upon me, recruiting "the entire world" to admonish my conscience for the terrible damage I caused, mocking the "refutability" and insignificance of my historical conception, and asking me to repent. I acknowledge the truth: I abhor the arguments of Yosi Sarid and his followers, the sons of light, against the help that I provided to the "right," the sons of darkness. I also abhor the arguments of Sarid's counterparts on the other end of the spectrum. Are they not proponents of the whole-land-of-Israel, who persecute me for my "love of the Arabs" and send me letters that rejoice over my car going up in flames. No flowers will grow on the scorched earth between these mirror images. One who is careful about himself and what he says will remain silent.

However, perhaps Yosi Sarid did me a favor unknowingly by obliging me to sit and formulate several paragraphs of summation and farewell, before I leave to study other intercommunal conflicts. Not a "confessions of remorse" and not even "a small emendation of the theory" as Sarid wants, but an explanation, and not for Yosi Sarid, but for those who are wondering what motivated him to attack me and for those who are asking me honestly how my theory has withstood the test of time.

Readers of HA'ARETZ are liable to conclude from Sarid's personal, familiar writing style ("Meron, my friend") that we have held a profound, on-going dialogue for years. The truth is that Sarid has never asked me for any private or public clarification, theoretical or political. Based on his remarks, it occurs to me that perhaps he has not even read my published statements. He and his friends-followers, the various members of the peace camp, ostracized me as a normal act and hoped that not relating to me would shut me up. They ate from my hand when I supplied them with findings on "the injustices of the occupation," but when I also added conclusions to the findings, they symbolized me as a traitor in the service of the "the right, which rebukes the theories like someone finding a great spoil."

Threatened by Reality

The only reason that compelled Yosi Sarid and his followers to relate to me was the international resonance which my remarks received. "American study and research circles" (according to Sarid) not only related to me, they also read. In 1986, I determined that "Palestinian violence, in its new form (the erection of barriers and the throwing of stones and gasoline bombs) and the

changing ratio between spontaneous acts of violence and terror acts involving firearms indicate a new phase in Palestinian behavior and in the intercommunal conflict." Thomas Friedman, writing about my work, states that [Benvenisti] is one who has paid attention "as a geologist testing the heat of the earth." Regarding "the intifadah, which Benvenisti did not forecast" (according to Sarid, who always forecasts everything before everyone else), I stated in September 1987, at a press conference: "This is already a civil war."

But why waste time on what Benvenisti said? As early as April 1984, Sarid passed judgement on me: "Irreversible, only death is irreversible." Since then, I have had to fight a condemned, distorted caricature of myself. The outline of this caricature was again sketched in Sarid's latest outburst. According to him, my "theory" can be summarized in the following sentences: "The situation in the territories is done and cannot be undone. There are accomplished facts. The settlers have the demographic high ground. The Palestinians will accept the yoke of the occupation. The status quo will last forever." When my remarks are presented as such, it is easy to demonstrate their "absurdity and refutability." However, we must still ask: Why did Yosi Sarid feel "powerless for many years" when faced with a theory that is nothing but a conglomeration of refutable nonsense? Why did Yosi Sarid choose the current timing for his attack against me?

The answer is that Yosi Sarid and his friends feel threatened by the reality that is proving them wrong and presenting all of their forecasts in their wretchedness. Attacking me is an act of adjuring a miracle, an act of magic. I am one of those curse bowls [like the ancient Near Eastern incantation bowls], which by shattering it, one seeks to shatter reality. Yosi Sarid, like his mirror images on the right, does not distinguish between a normative forecast and a realistic analysis. He believes that what "must" happen will indeed happen, and if it does not happen, it has "still" not happened. Sarid always operates in the "future," and prepares for it appropriately. However, he never contends with the present. He and his ideological rivals on the right are in an unending era of the times of the messiah. The only difference between them is the definition of the kingdom of heaven. His journalistic fireworks serve his method, because, unlike the concrete present, the future is nothing but an elastic concept. Who will remember tomorrow what Yosi Sarid wrote yesterday? We have never managed to peruse his collected articles or his well-arranged teachings, because they are all just "press excerpts."

A reminder: In March 1984, Sarid stated: "We are at the end of the settlement season, and now, 5 or 7 bad years will come." Since then, the number of settlements has quadrupled. Now he is recycling this forecast "for the future": "The entire future of the settlements is behind them." He and his friends foresaw a "demographic holocaust." They argued that if the territories were not returned, the land of Israel would have an Arab majority.

Now, in light of the waves of immigration (whose possibility was snubbed by Sarid and his friends), events have been reversed. Sarid did not actually mean the demographic danger to the Jews in the Jewish state, but the demographic danger to the Arabs, whom he calms by saying that the waves of immigration "will fail to erase the Palestinian character of the territories."

When the intifadah broke out, Sarid heralded "the coming end of the occupation." Benvenisti's theory (his friends stated) has collapsed with the wave of the rock-wielding hand of a Palestinian youth. It is a fact that Israelis have stopped eating hummus in Bethlehem. The fact that for every hummus-eating Israeli who is absent from Bethlehem there are 10 Israelis who are eating combat rations, is of course irrelevant. Does not everyone know that this is a colonial occupation army. Does not everyone know that the colonial era has passed. Therefore, the Israeli military presence will disappear "in the near future" as if it never existed

Seventeen months after the outbreak of the intifadah, Sarid can write with full confidence: "The intifadah has put an end to the occupation." All signs testify that the intifadah has become a way of life, that the hundreds of Palestinian victims did not even crack the national Jewish consensus, and that the end of the confrontation, and certainly of the occupation, is not in sight (not even in the view of the Palestinians). However, Yosi Sarid knows otherwise, and "soon" everyone will see how correct his forecasts were. What will he say in the fifth year of the intifadah?

"The intifadah will result in an undermining of Israel's international position, an intolerable economic price, a bloody war with the Arab states, and a settlement imposed by the superpowers," the angry prophet warned again. What is to be done as the new democratic leaders of Eastern Europe (who so ignited Sarid's imagination) are one by one renewing their relations with Israel; the Arabs cannot conceive of shedding one drop of blood for the Palestinians, the "superpowers" are preoccupied with more urgent matters, and the "economic price" is a ridiculous scarecrow. However, Yosi Sarid believes that the process is irreversible, as the mouthpiece of his movement, Politika, states: "Everyone knows that this will happen." The Palestinian state will be established, because it must be. "The entire world" is on Yosi Sarid's side. But why are so few Israelis on his side?

Sarid is not stupid. He understands well that his laws of nature are inoperable, that the future is already here; that the intifadah will not lead to a Palestinian state or the elimination of the Palestinian national movement; that it is better for him to abandon the slogan of a Palestinian state as an unobtainable ideal; that it is impossible to transform the Palestinian national movement into "Peace Now"; that, beyond the nice talk, there are feelings that seek revenge for dispossession, for which he is as responsible as we all are; and that there is no "peace process." Above all, Sarid knows the significance of the mass immigration from the Soviet Union. He knows

Zionist history well and the contribution of hundreds of thousands of Jews to strengthening the territorial status quo. He sees how the old Zionist ethos is capturing everyone and diverting their attention from the "injustices of the occupation." As a Zionist, he is struck by the coming of the last, lost tribe.

These immigrants are neither members of an exotic African tribe nor village dwellers in the Atlas mountains. They are coming from the birthplace of Zionism, from Pinsk, Minsk, Vilna, and Homel. The melodious language they speak originates in the authentic Zionist music, the melody of the founding fathers. He knows that their coming puts off any chance of a peace agreement for at least a generation. But he wants to also be a Zionist and a pursuer of peace (we are not members of "Brit Shalom [Peace Covenant]"). He therefore declared: "Mass immigration enhances Israel's self-confidence, and an Israel that is self-confident will agree to withdraw," which is a tendentious rewriting of Zionist history. Sarid and his followers also specify boundaries: Only settlers that settle in settlements endanger peace. The immigrants that settle in Tel Aviv will wear IDF [Israel Defense Forces] uniforms, patrol in the streets of Nabulus and vote Likud. Do they endanger the chances for a dialogue?

Sarid would want members of Gush Emunim to raise a cry about the immigrants not being directed to the settlements. However, they are quiet, and even declare: "There is no policy and there are no immigrants in the settlements." They know that it is not the settlement of immigrants that is important, but rather their immigration to Israel and their contribution to consolidating the status quo. The collapse of the normative forecasts led Sarid to look for a punching bag on which to vent his anger. What is easier than making allegations against the originator of the "irreversibility" theory?

Nonstatic Status Quo

The time has now come to formulate the "irreversibility theory," not Yosi Sarid's distorted definition, but the one that appears in political lexicons: "The occupation of the West Bank and the Gaza Strip, and Israel's control of all of the territory of the land of Israel, will create a new geopolitical reality, so that there is no returning to the status quo that prevailed in Israel before 1967. The State of Israel has changed from being a national Jewish state to being a bi-ethnic state. Thus, the Jewish-Arab conflict has ceased to be an interstate conflict and has become an intercommunal conflict. An Israeli government will, in the foreseeable future, control the entire area of western Israel (either by force of its sovereignty or by force of the prerogative of a belligerent occupation). This control will persist as long as the unity of the Jewish political center is maintained.

"This geopolitical status quo is not static. It is dynamic, violent, and unstable. By granting an absolute monopoly to the Jewish ethnic group, it compels the Palestinian community to undertake violent opposition acts. The

confrontation is intensifying, but remains circumscribed by its internal, Israeli-Palestinian framework. Theoretical solutions for this intercommunal conflict (as for similar conflicts) are distributed vertically (territorial solutions) or horizontally (power-sharing mechanisms). However, these solutions will remain theoretical as long as the parties to the conflict persist in examining solutions solely through the prism of their contrary national aspirations."

Since I formulated this thesis (1984), no intervening events have obliged me to revise it substantially. On the contrary, it seems that the main intervening events corroborated the thesis. The establishment of national unity governments reflects the unity of the political center. The intifadah is an open eruption of an intercommunal conflict, whose embers have been glowing for 10 years. Jordan's disassociation from the West Bank is proof that it at least understands the irreversibility of the situation. The "peace process" and the election plan are based on an understanding (perhaps unconscious) of the internal, intercommunal nature of the conflict. The IDF's operational plan has institutionalized the fact that the Army is a force whose main operational concern is policing. The Palestinians' declaration that their main goal is to change public opinion in Israel testifies to their understanding (too late) that only a voluntary, unimpelled change in the Jewish political center can perhaps lead to a change. Immigration from the Soviet Union breathed life into Zionism, acting as ideological glue and restoring faith in the supremacy of Jewish tribal values over universal values.

The appraisal regarding the stability of the geopolitical status quo in Israel seems "refutable and absurd" in view of the situation "that has changed fundamentally" in Eastern Europe. However, the truth is that such a comparison points to a lack of understanding of the processes that brought about revolutions in Eastern Europe.

Every novice historian knows the status quo law: Political systems change only when the forces aspiring to change them are much stronger than the forces aspiring to preserve them. Regimes collapse when the center of power at their core fails to persevere and when political, economic, and ideological processes and forces break its hold. The breakup of centers of power in Eastern Europe produced change. Can Yosi Sarid demonstrate similar signs of dissolution in the Jewish political center in Israel? Is he so conceited as to believe that "the forces of peace" seeking to change the status quo are stronger than the party, economic, and ideological forces wishing to preserve it in the interest of their survival? Does he believe that the Palestinians can crack the hold of the Israeli political center?

A Combined Ruling Elite

The political, economic, and ideological center in Israel is composed of most of the groups that belong to the Likud and the Labor Alignment. Since 1977, a combined

ruling elite has become consolidated. Ideological differences have been erased. Strong joint economic interests have developed. A joint interest in preserving the status quo has crystallized. This center is very careful about becoming entangled in questions that threaten its hold. It can only contend with the constraints of the status quo and solve only the tactical problems that it poses. "The red lines" are clear to all: "Elimination of terror" according to Sharon's formula will anger the center-left. Negotiations with the PLO will anger the center-right. The withholding of financing for the settlements will be answered by the withholding of financing for the kibbutzim. It is all of course accompanied by a vociferous doctrinal debate between the "peace camp" and the "land of Israel" camp to demonstrate that two opposing political cultures exist (which is vital to the independent image of the two camps).

What about the Palestinians? They as well can only contend with the constraints of the status quo. Their agreed political program is a plain slogan: "Down with the occupation, and up with the establishment of a Palestinian state." True decisions concerning the character and borders of such a state, "the right of return," the economic feasibility of a Palestinians state—all of these decisions would fragment the Palestinian political center. The Palestinians will intensify their struggle to change the status quo. However, as much as they do so, they will only enhance the hold of the Israeli center, whose fragmentation is the sole factor that can change the status quo. The processes entailed in changing the status quo are indeed irreversible, because the seed of the destruction of the existing system is hidden within it, and it will grow and destroy it from within. However, in long, complex intercommunal conflicts, the process of changing the status quo is long and complicated, and involves economic, political, cultural, and social components. Ultimately, a Palestinian Nelson Mandela will arise and meet with the Jewish De Klerk. Ultimately, the Israeli center will stop perceiving the Palestinians as merely a bothersome element and begin perceiving them as a threat. The Israeli center will ultimately understand that the continuation of the status quo endangers its true interest. In the meantime, there is the embroiled, undecided present. With no prospect of a "solution," all that is possible is the wise management of the on-going crisis.

Despite the vociferousness and self-importance of Yosi Sarid and his mirror image counterparts, they are marginal, unimportant people. Their (contrary) messianic orientation is simply irrelevant. All the more marginal and irrelevant are pessimistic theoreticians such as myself. The difference is that I know this. Therefore, I am going out to test my theories in the Kosovo region, in Transylvania, in Shalziya, and in Czechoslovakia. Intercommunal conflicts will endanger international stability in the next generation, replacing interbloc and interstate conflict as the main threat to peace. There are places in the world in which there is a demand for the experience that I have accumulated in studying the intercommunal Palestinian-Israeli conflict, places where research does

turn into a theological debate. The only "public confession" that Yosi Sarid can extricate from me is: I am tired of you, your followers, and your opponents. I leave you and your mirror images to be preoccupied with the West Bank and the Gaza Strip. You need them for group therapy.

Recent Economic Measures Criticized

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[Article by 'Ofer Aryan]

[Text] The Bank of Israel and the Finance Ministry have managed this time to surprise everyone—the public, the business community, and the banks.

The public, long accustomed to rumors of an approaching devaluation, refused to believe that it was the real thing "this time." In the banks, not only were foreign currency acquisitions not made, but in some cases foreign currency sellers exceeded buyers. The complete surprise accompanying Wednesday's announcement saved the state many dollars and showed that measures can be carried out differently, timely, and intelligently.

Wednesday's decision included a series of other measures. The Finance Ministry and the Bank of Israel also announced an increase in the range of fluctuation of the fixed exchange rate from 3 to 5 percent, a reduction in exchange rate insurance by 1 percent, an increase in the added-value tax, an appreciation of the purchase tax on certain goods and a depreciation of the purchase tax on others, and a decision to permit Israeli investments in foreign industries.

The decision to devalue the shekel responded to the expectations of exporter-oriented industrialists, who have been arguing increasingly vociferously that the profitability of exports has declined since the last devaluation. Export statistics for January indeed indicate a certain slowdown, but it is not clear if it involves a changing trend or a temporary weakness. In any case, the bank of Israel and the Finance Ministry again argued that there is no reason to change the exchange rate. They determined resolutely several days ago that profitability was not harmed and that the export figures are encouraging. The finance minister referred to a journalist who 2 weeks ago published a report on rumors of an approaching 5 to 8 percent devaluation as lacking national responsibility. The minister claimed that these rumors were baseless and again promised that the rate would not change. The devaluation is clearly not the end of the story. The decision to increase the range of fluctuation of the exchange rate (from 3 to 5 percent) will not enable the government to refrain from another devaluation. Changing the exchange rate is connected to internal developments in the Israeli economy and to the world at large.

There is no doubt that if the government is compelled to increase the budgetary deficit significantly, or if the waves of immigration amount to more than 40,000 new immigrants, inflationary pressures will develop in the economy. The timing of the next devaluation depends on the dosage of these developments. The reduction of exchange rate insurance is intended to limit the government's support of the export process and to promote the unification of the rates, a dream of the Bank of Israel. The 1-percent reduction in exchange rate insurance will make it cheaper and easier to trade with other states and facilitate the sound operation of the new system of trading in foreign currency (which is slated to be activated in coming weeks).

The 1-percent increase in the value-added tax rate is intended to finance the implementation of the tax reform proposed by the finance ministry. The reform was postponed to June to take advantage of the time interval between its implementation and the tax increase to finance a 200-million increase in the defense budget.

Given forecasts of a large wave of immigration, and given the opposition of Bank of Israel Governor Bruno to the proposed reform, there is a reasonable chance that the reform will not go into effect in the coming year. It is also reported that a decision was made to permit investments of Israeli capital in foreign industries. The matter has not been detailed yet. One can reasonably assume that the idea is linked to a desire to enable Israeli firms to bypass common market restrictions expected to appear in 1992. It does so by providing a possibility for the establishment of business partnerships with local firms. If this is truly what is envisaged, there are less daring ways that enable this form of activity. It should be expected that many will exploit this new opening, which is expected to encourage growth in the Western European states and the United States.

The Director General of the Finance Ministry, Ya'akov Lifshitz, announced a decision not to permit automatic price increases as in the past. Lifshitz stated that a number of criteria are now being changed so that prices can be updated in order to slow price increases substantially. Minister Peres stated that it was decided not to permit controlled products to undergo price increases higher than 10 percent. It is also reported that measures will be taken to exchange "administrative control" of imports for "duty" control. At the same time, Lifshitz hastened to calm matters, saying that high protective duties will initially be set for imported goods in a way that will prevent real shocks in the labor market in Israel.

Finance Minister Shim'on Peres and his director general, and officials at the Bank of Israel create the impression that the transformation of the protection system is "a step in the right direction" and constitutes a real change.

There is no argument that the need for the determination of a stable exchange rate and massive price control indicate an unbalanced situation in the Israeli economy. In other words, the economy is not yet free of the talons

of inflation, the government is failing to reduce its budget significantly, its involvement in economic activity is greater than desired, and finally, it is annually increasing the national debt and spending more than its total revenues.

In 1985, everyone predicted the complete failure of the "stabilization" plan. Many economists said that the administrative decision to stabilize the exchange rate and control prices would not hold for long, and they did not rule out renewed inflation. Those holding this view were revealed to be like those to whom prophecy was given after the destruction. They did not predict, and could not predict that economic developments in the world economy would serve the Israeli plan well.

Even though the Israeli economy is still far from breaking free of all its problems, we saw a real decline last year in fuel prices and a steady strengthening of the dollar exchange rate. These two developments made it very easy for the government to withstand the budgetary cut that it took upon itself. Thus, a combination of world circumstances, good timing regarding the government's decision, and strict adherence to the budget framework were keys to an economic success that, while incomplete, was unique in the world. No other economy has managed to bring down inflation from a level of hundreds of percentage points to a level of about 20 percent in one year and maintain this achievement for a long time. Brazil and Argentina, which tried this parallel to Israel, are groaning under an uncontrollable increase in inflation.

In the first phase of the economic program, the administrative determination of some prices in the economy was inevitable. This contributed to the creation of a feeling of economic stability and convinced the public to again believe in the financial strength of the shekel. However, everyone understood that the system of administrative determination is defective in itself, and that it is necessary to act to limit it. In the course of 1985 and 1986, slowly but surely, the prices of many products were removed from government control. The government reimposed discipline only when it became clear that decontrol caused unjustified price rises.

However, many products are still subject to control. The finance minister's decision this week not to allow the prices of these goods to increase by more than 10 percent is an incorrect decision. Clearly, not even a 1-percent increase in prices is unjustified if the prices of inputs do not increase and real wages do not rise. However, if the production cost component of different products appreciates, the government will not be able to increase the value of such products accordingly, unless it decides to increase the subsidization of these products. In other words, refrainment from a justified appreciation would require increasing the budgetary deficit.

In the honeymoon currently being enjoyed by the finance minister and the Bank of Israel governor, the two agree that the deficit should not exceed 3 percent of product.

The two have reiterated that they will not agree to an increase of this percentage. Since Ari'el Sharon entered the Ministry of Commerce and Industry, he has acted to establish duties that protect local producers. When he understood that introducing control over products is an unpopular step that draws criticism from different experts, he decided to act in alternative ways. He imposed prohibitive import duties, prohibited the import of certain products, limited importation from several states, and even enlisted the Israeli Standards Institute in a holy war against importers. Under his inspiration, the institute began to supply special standards suited exclusively to local producers. This institute, which is traditionally concerned for public safety and health, has become an administrative tool for limiting imports.

It is to be hoped that the principle of the matter, not personal rivalry, convinced the finance minister that such action is essentially rejected. It prevents competition, impedes industrial efficiency, and encourages price increases. Moreover, it contradicts trade agreements signed by Israel; and 1992, the date for the removal of trade limitations between the countries of Europe, is approaching. Peres decided to act to remove these limitations and to exchange them for protective duties. In other words, he decided to permit any import from any place, without erecting protective walls. However, at the same time, he decided to artificially appreciate the prices of goods, as he sees fit, to "prevent shocks in the Israeli labor market." As of now, anyone can import anything he pleases. But it is clear from the start that this would not be worthwhile. There is no real difference between duty protection and administrative protection, except the fact that the latter is the purview of the finance minister and of the commerce and industry minister. Both tools prevent the exposure of Israeli goods to free competition, hinder efficiency, and cause price increases.

Both also ensure the continued, undesirable involvement of the government in economic performance, in addition to causing real distortions and damaging prospects for desired growth.

The finance ministry's director general, who declares that high protective duties will be imposed to prevent shocks in the labor market, and, in almost the same breath, raises the banner of liberalization in the Israeli economy, makes a mockery of economic theory and the public.

IDF Scraps Artillery Project

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in Hebrew 2 Mar 90 p 2B

[Article by Ze'ev Shiff]

[Text] Everyone in the IDF [Israel Defense Forces] is highly praising the cannon mounted on the hull of the Merkava tank. Some experts call it the best field cannon of its type in the world. The Americans, who saw the

cannon fire, also find it a very impressive weapon. They also find it hard to understand why the IDF decided not to equip itself with the cannon despite its excellent characteristics and the many resources that have already been invested in its development.

The IDF's main answer is this: We have no money. According to the list of priorities determined in the general staff, the IDF cannot procure the cannon, which is indeed excellent, but expensive.

IDF leaders continued to oppose equipping with cannon even after they were made an enticing financial offer, the likes of which they are seeking from the Americans. The general manager of Soltam, the producer of the cannon, Major General (reserves) Uri Simhoni, offered to deliver the cannons to the IDF under an arrangement by which payment would be made as a loan over a 10-year period. The impression is that the IDF fears relying on local production lest we fail to produce sufficient quantities (a similar argument was heard regarding the Merkava tank). Instead of local cannons, the holders of this view want to produce more new artillery ammunition. The truth of the matter is that the IDF allocates a very small sum for the development of artillery and massive fire power. "And this, precisely, is the scandal! A dangerous oversight is developing here," state Uri Simhoni and other major generals in the reserves who follow what is happening in the IDF.

According to them, there is a danger that the IDF is weakening the fire power for which it was so famous in the past. Fire power, especially against masses of infantry forces, cannot be based solely on advanced ammunition, which is necessarily in short supply due to its costliness.

The IDF's response raises a question: If this is the case, why were such large amounts invested in developing the cannon? Investment in the cannon exceeded \$30 million. Half of the sum comes from the IDF and the second half was covered by Soltam. Much greater sums were invested in the development of the Lavi' plane, but in the case of the Lavi', the money all came from the American aid budget. Here, the money comes entirely from Israel, and \$30 million is a very significant sum. Why were investments continued when, for a long time, it was said in the IDF that it would not be possible to acquire the cannon because of financial difficulties? Only about six months ago, the Defense Ministry put up another million shekels to continue development. If the IDF stands by its decision not to acquire the cannon, this entire investment will be completely lost. The IDF will have lost not only the \$15 million that it invested in the artillery: According to an agreement between the IDF and Soltam, if development is completed to the satisfaction of the two parties, and there is a need, for any reason, to stop production, the IDF is obliged to return to Soltam its investments. In other words, the IDF would lose \$30 million. This affair strengthens the argument of many persons concerned with defense and the economy that the economic management of the IDF is very bad.

It is doubtful whether the return of the sum will save Soltam. The factory is obviously subject to difficulties, after having its best period ever several years ago. The Center for the Sale of Advanced Mortars of the U.S. Army will in the future inject money, but most of it will remain in the American partnership and will certainly not create employment opportunities in Israel. If the cannon project fails, it is doubtful whether there will be justification to maintain Soltam. The difficulty is that this is not just another factory closing. The elimination of the project means the elimination of a production dimension in Israel.

To date, the military industry has moved ahead with the production of tank cannons, whereas Soltam only dealt with producing field cannons. Hence, after the sale of the machinery, the dismissal of experts, and the dispersal of professional expertise, the field cannon production infrastructure will have been eliminated. If desire should again arise to produce field cannons, several years will certainly have to elapse before the infrastructure can be reestablished. The IDF is probably not interested in the matter, because defense production is not its purview, but is rather the responsibility of Defense Minister Yitzhak Rabin and the director general of his ministry, David 'Ivri.

The idea to develop a new cannon for the IDF was born in the early 1980s. However, the Lebanon War and its lessons provided an incentive for the decision. Chief of General Staff Refa'el Eytan then moved the idea along. Many discerned that the regular mobile cannon, the American-made M-109, had difficulty moving in rough terrain after Merkava tanks, and the weapon does not supply suitable protection to the crew in a battle field saturated with antitank and artillery weapons. Then too, not enough money was found, and Lieutenant General Eytan ordered the transfer of funds from Fund for the Security of Israel to develop the cannon. The development of the cannon thus continued in a hand-to-mouth fashion for 8 years under disorganized IDF staff management, without development expenditures appearing in the budget book. Nevertheless, money was found. This was also the case when the IDF began complex test and operational firing in its units. By the way, all of these were successful.

Every year, the question of whether to continue developing the cannon is raised. Always, a decision to continue is made. The supporters are usually field personnel, whereas the opponents are from the staffs and from planning. What is so special about this cannon that experts praise it so much? It seems that the outstanding feature of the cannon is the armored protection it provides to its crew. The cannon is mounted on the hull of the Merkava tank. In the modern battle field, this adds great survivability to the crew and cannon. The Merkava tank is known for its great ability to traverse, and the Israeli cannon is capable of arriving with these tanks to places where other mobile cannons traverse with difficulty.

This length of the cannon barrel includes 45 calibers. The cannon has a range of about 30 km with regular ammunition and is much more accurate than other cannons. Its ability to instantaneously direct a large round of fire at the enemy is due to its computerized automatic loading feature. It permits a rapid firing rate of several shells per minute, compared to the 175 cannon, for example, which fires one shell per minute, and the regular mobile cannon, which fires three shells per minute.

The cannon has a defense system against chemical combat material. Thus, the crew can also fire when the cannon's flaps are closed. It is also equipped with a night-vision apparatus, which makes it possible to operate the cannon in darkness with direct laying, including against enemy tanks; and an instantaneous (Spectronics) fire-extinguishing system.

Finally, the cannon crew comprises only four persons. Thus, less people are required in the batteries and the regiments, which is a great manpower and monetary savings. Major General (retired) Simhoni states that this is a model example of manpower multiplication in the battle field, and that the IDF must make great efforts in this area.

Therefore, supporters of the cannon do not accept the argument that it is expensive (\$2.7 million). According to them, its value should be fixed in comparison to other mobile cannons and the comprehensive savings that it can yield. Regarding the argument that several existing cannons can be improved for the price of one Israeli cannon (in a joint project with the Americans), supporters of the cannon being developed by Soltam say that the improvement program will not prolong the life of the regular cannon and that Israel will obviously not have the money to upgrade the existing cannons in the way wanted by the Americans. The successful development of an Israeli cannon is especially outstanding in view of the difficulties encountered by the Germans, the English, and the Italians in their attempts to develop a new mobile cannon.

The IDF has apparently decided against the cannon, but the debate continues. It is now centered in an important subcommittee of the Knesset foreign affairs and defense committee, the procurement [harkhasha] and defense concept committee headed by Benny Begin, who is doing serious work in this committee. IDF representatives have already appeared before the committee, and it seems that Major Generals Yisra'el Tal, Uri Simhoni, the director general of the defense ministry, David 'Ivry, and others will testify before it. The committee does not have decisionmaking authority, but it should be assumed that the defense minister will take its recommendation into account and perhaps transfer the cannon issue outside the IDF for a comprehensive examination.

JORDAN

Current Economic Challenges Outlined

90AE0022A London AL-MAJALLAH
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[Interview with royal economic advisor Dr. Jawad al-'Anani by Fadiyah al- Za'bi in Amman; first two paragraphs are AL-MAJALLAH introduction; date not specified]

[Text] Dr. Jawad al-'Anani, economic adviser to the Jordanian Crown Prince and former minister of economy is a well-known economist and is consulted on the most significant economic issues facing Jordan.

AL-MAJALLAH met with Dr. al-'Anani and discussed the economic situation in Jordan during the upswing and the recession and the effects that declining oil revenues and the decision to break ties [with the West Bank] had on the Jordanian economy. We also asked about the challenge facing economic management in Jordan—the difficult balance of achieving several conflicting economic goals at the same time. We asked him why he believes the state must stop subsidizing food. The interview also turned to the Arab Cooperation Council [ACC] and whether it is a political or an economic alliance.

[AL-MAJALLAH] What is your opinion of the current economic phase in Jordan, and what led to this situation?

[Al-'Anani] The economic situation in Jordan is passing through a difficult stage. The economy entered a recession after a significant upturn from 1975 to 1984, during which it achieved annual growth rates of approximately 9 percent.

This upturn accompanied the oil frenzy in the region, and Jordan obtained financing to build basic projects and its infrastructure, putting the economy in a constant state of activity. Naturally, an economy whose upturn is based primarily on direct financing from abroad and on building its infrastructure will suffer a decline when projects are completed or sources of financing are affected.

In addition to completing its infrastructure, Jordan was hoping to build many production projects. Several large projects, such as expanding cement production and other medium and small industries, were actually undertaken. However, global circumstances prevented their completion because of the drop in world fertilizer prices and the fact that the small industries were oriented toward traditional markets in the region, such as Egypt, Syria, Iraq, and Saudi Arabia, which also began to establish similar industries, affecting the profitability of many Jordanian industries and leading them to produce at approximately 50 percent of their production capability.

[AL-MAJALLAH] To what extent did the decline in oil prices affect the Jordanian economy?

[Al-'Anani] The fact is that the decline in oil revenues led to a shortage of foreign currency and reduced Jordan's ability to export goods or labor. Some of the effects of this on the Jordanian economy were:

- A shortage of foreign currency assets and reserves.
- Unemployment, since the labor force grows by seven percent annually, not to mention the graduates from universities and higher institutes, for whom jobs must be provided.
- A shortage of foreign currency, unemployment, and high prices resulting from increased prices for materials abroad, which affected the cost of necessities in Jordan.

[AL-MAJALLAH] The economy is a policy tool in certain countries, but not in others. To what degree does Jordan's policy affect its economy?

[Al-'Anani] The Jordanian economy is affected by matters related to the politico-economic dimension in the region. For example, until 1988, the occupied Arab territories were linked to the Kingdom of Jordan, at which time the legal and administrative breaking of ties was announced. Even the decision to break these ties did not end Jordan's obligations toward the people in the occupied territories. We know that Israel is putting great pressure on the economies of the occupied territory in preparation for annexing and Judaizing them. For this reason, the occupied territories continually suffer a significant deficit in their balance of payments with Israel.

In some years this deficit has reached \$800 million. Jordan had been paying salaries and facilitating the passage of exports from the West Bank and Gaza Strip across Jordan. It also gave humanitarian assistance, either directly or through a joint committee or with other Arab countries, for example. All of this created a bill for Jordan.

Something else that affects the Jordanian economy is that it is hurt by its geographical position. The length of its border with Israel and the occupied territories remains at complete readiness, creating a great military burden. Military expenditures are necessary and fundamental, but in a purely economic context are unprofitable, since they are investment without direct financial return. For this reason, Jordan's defense expenditures constitute a high percentage, approximately 30 percent, of its income.

Do not forget that Jordan is in a situation of mutual assistance with its sister Arab countries, which means that, within its limited ability, it will help a country that seeks assistance, such as the credit facilities which it has extended to certain Arab countries in need of such services because of their circumstances. Seven hundred million dollars in facilities was granted to Iraq, as were facilities to North Yemen and certain Arab countries in Africa. These facilities are considered a short-term obligation, but are actually a long-term investment in Arab

security and in the Arab system. Just as Jordan expects assistance from its brethren during crises, it gives assistance to whoever needs it.

[AL-MAJALLAH] How is Jordan dealing with its foreign debts?

[Al-'Anani] From 1985 to 1988, Jordan suffered from great pressures because of the decline in oil prices and politico-economic conditions, leading to increased foreign indebtedness of approximately \$8.2 billion, most of which was loans and interest on loans. Jordan's payments due in 1989 totaled approximately \$1.2 billion.

This constituted a burden on the Jordanian economy, with its decreased foreign currency resources. These circumstances mounted and were followed by pressures on the Jordanian dinar, which caused it to decline beginning in August 1988. It dropped again on November 11 of the same year, reaching its lowest point in April 1989. Jordan was forced to adopt an economic adjustment plan to reduce expenditures and increase resources in order to defray its mounting indebtedness.

[AL-MAJALLAH] To what degree did the IMF go along with Jordan's economic circumstances?

[Al-'Anani] Jordan entered into negotiations with the IMF under which the fund offered Jordan assistance and Jordan received a certificate of good conduct to help it reschedule its payments due in 1989 in the Club of Paris and the Club of London. Under the IMF program, Jordan was able to obtain soft loans from the fund worth approximately \$215 million. After negotiating with the Club of Paris, Jordan was also able to reschedule approximately \$400 million in debts. The Arab countries were also generous, particularly Saudi Arabia, which gave Jordan massive emergency assistance, such as building foreign currency reserves exceeding \$550 million and reducing its debt burden by approximately \$650 million, which defrayed the deficit in Jordan's required foreign currency for 1989.

Thus, we were able to overcome the pressures on the dinar, which could stabilize at 659 to 700 fils to the dollar.

[AL-MAJALLAH] How will Jordan face increased prices for domestic goods and unemployment?

[Al-'Anani] Jordan must face these two fundamental problems. High prices for domestic goods are due to the sharp drop in the value of the dinar from August 1988 to April 1989, and unemployment requires increasing investments and improving the efficiency of the economy. This means a new stage in which we must reexamine government circles to increase productivity and reduce the role of the government in economic life, support individual initiative, encourage domestic production, and take advantage of the relative advantages that Jordan enjoys as a moderate country, united by warm relations with many Arab and non-Arab countries,

as a member of the ACC, and because of its warm relations with the countries of the Gulf Cooperation Council.

Jordan must exploit these opportunities and convert them into a competitive production reality.

[AL-MAJALLAH] Did the decision to sever legal and administrative ties with the West Bank affect the Jordanian economy?

[Al-'Anani] Of course. It is an new element in the Jordanian economy wrapped up with policy. However, it has obvious economic dimensions, since many Jordanians who are of Palestinian origin and who live in the occupied territories or work abroad were confused by the decision to sever ties, and some feared that this decision would also include severing economic ties. But the severing of ties was definitely not the only cause of the drop in the dinar, but did help increase the severity of the crisis because no distinction was made between the political content of the decision and its economic content. I believe that what we need at this stage is to create strong cooperation between Jordan and the PLO and to spend on the basis of clear economic principles. Although it is not considered a problem now, it is clear that it will become a major issue if a Palestinian state is established. I believe that it would be judicious for Jordan and the PLO to agree on means of economic interaction. The importance of this point is underlined by the fact that Israel played a major role in an attempt to weaken the position of the Jordanian dinar in the occupied territories in order to substitute the shekel as a currency of exchange in the territories. Israeli authorities practiced deceit and many other measures in order to obtain dinars from our people in the territories, spreading rumors, such as saying that Jordan was going to change its currency. This prompted many of those whose savings were in dinars to get rid of them and replace them with shekels.

Israel also created a direct relation between the dinar and the shekel inside the occupied territories so that the shekel would replace the dinar after it was exhausted.

While the rate of the dinar was dropping, many people in the West Bank tried first to replace dinars with dollars in order to maintain the value of their assets. At the same time, Israel launched an extensive campaign to levy taxes to encourage people to purchase shekels with cheap dinars. This caused a problem not only for Jordan, but also for the PLO, as the sole legitimate representative of the Palestinian people, directly responsible for preventing Israel from Judaizing the economy in the occupied territories. The PLO understood this, and I believe that reopening the Palestinian National Fund in Amman will help restore the dinar to its place in the occupied territories, just as stabilization of the dinar did.

[AL-MAJALLAH] Is there any hope that the dinar will return to the rate of August 1988: \$2.50 to the dinar?

[Al-'Anani] It is not important that the dinar return to its previous rate, but that it stabilize at the appropriate rate. I believe that 650 to 700 fils to the dollar is an appropriate rate at the present time, in light of Jordanian economic realities.

[AL-MAJALLAH] Goods are expensive in Jordan compared with the neighboring countries. Is there any intention to raise individual income to go along with higher prices?

[Al-'Anani] This is a very important question because Jordan is now obliged to achieve several aims that may conflict with one another. For example, it is expected to stabilize prices, but we know that many of Jordan's needs and its production inputs are imported and that prices have risen because of the drop in the dinar on the one hand and increased prices from the country of origin on the other. Controlling prices without allowing them to rise will result in losses for many industries in Jordan, the closing of certain of these industrial projects, and blocking the way for new projects. In other words, massive controlling of prices without addressing the costs will bring about a clear decline in the volume of existing and new investments, in turn reducing the opportunities for employment. Since Jordan is trying to expand the investment base in order to create job opportunities, we need to search for ways to allow increased investment and reasonable price increases so that investment will remain vigorous and effective.

Seeking this balance and the appropriate forms constitutes the principle challenge to economic management in Jordan. For this reason, the government is fighting unjustified price increases and at the same time, trying to encourage the private sector to invest. Saying that it is easy to solve these problems is an exaggeration, because it is a difficult challenge and requires time.

[AL-MAJALLAH] Does the possibility of increasing per capita income exist?

[Al-'Anani] Annual per capita income in Jordan has dropped over the last three years from approximately \$1500 to less than \$1000. Of course this is primarily due to unemployment and also to the decline in the dinar and increased prices. However, we must remember that many Third World countries are experiencing a similar phase, but a solution is easier in Jordan because there are opportunities and the infrastructure is complete. Everyone in Jordan must sacrifice to a degree because the concern is shared. Families must again institute a budget in order to live within their means. We must not forget that pockets of poverty may arise in Jordan, as some have already done. The government must give them special attention.

Also as a result of agreements with the IMF, I believe that the Jordanian government may have to gradually reduce subsidies for consumer and petroleum goods, such as bread, meat, milk, rice, sugar, electricity, and water, since subsidies for goods benefit those with higher incomes more than those with lower incomes. The

concept of subsidies must be changed from that of comprehensive subsidies for goods to one of specialized subsidies aimed at needy families. This is one part of the reexamination of economic management.

[AL-MAJALLAH] How would you classify the ACC? Is it a political or an economic alliance?

[Al-'Anani] The ACC did not appear by accident and was not a reaction. I believe that global political and economic conditions came to dictate the phenomenon of regional blocs.

Naturally, the ACC is not restricted to the four countries which have joined it, but is open to whoever wishes to join. We must remember that the ACC is still in its infancy.

It is impossible to judge results in advance, but it appears that ACC officials want to benefit from the ECC [as published, should be EEC] experiment in rational trade and gradual application in order to achieve a common market that will be an integral part of the Arab system.

The world is governed now more than at any time in the past by economic considerations. For this reason, the ACC is not a political alliance, since such alliances have a negative connotation of self-defense. Economic cooperation councils strive to create an economic homogeneity that will aid in development. In the ECC we see older European countries that are not members. Switzerland did not join the ECC because of its neutrality. Austria, which adopted a similar position, does not now see its joining the ECC as a violation of its neutrality because the ECC's requirements are fundamentally economic, not political. Therefore Austria has applied to join the ECC.

Even though there are currently 12 members of the ECC, all the countries of Europe are members of the European Council (headquartered in Strasbourg, France). The most advanced countries in the western world are united under one group called the OECD [Organization of Economic Cooperation and Development], a group which includes all the countries of the ECC and the other industrialized European nations, in addition to the United States, Japan, and Canada.

The countries of the world have found many ways of doing business with each other. We must take this into consideration when we talk about the Arab world, where economic groups will not be created at the expense of the overall Arab system, represented by the Arab League. We can totally blend the concept of the regional council with the comprehensive pan-Arab concept, as Europe and the advanced world have done.

Journalists Discuss Press, Parliamentary Tensions

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[Interviews with three prominent Jordanian journalists: the current head of the Journalists Union Hashim Khariyat, and two former heads of the union, 'Arafat Hijazi and Mahmud al-Kayid, the latter also being the current editor in chief of AL-RA'Y, by Badr 'Abd-al-Haqq; "Battle Between Press and Parliament"; first 20 paragraphs are AL-YAWM AL-SABI' introduction; Amman, date not given]

[Text] The press as the "fourth estate" has not yet been generally recognized in Jordan, but the press has been able to make its mark on the map of political life in the country for the first time in generations. This came about as a result of the most important and heated battle that the press has faced since the establishment of the new Chamber of Deputies, which was the other party to this dispute.

For the first time in 30 years, Jordanian journalists have succeeded in imposing themselves on political life in the country. The sobriquet "fourth estate," by which the press is described, has taken on real meaning. Press circles believe that "the heated battle" that erupted between the Chamber of Deputies and the press ended with recognition by the man in the street, as well as the government and parliament, that the press is no longer a subordinate party, but rather, is an independent body that can debate on an equal footing with all other parties, within valid legal and constitutional parameters.

This story begins on Wednesday morning, 21 March 1990, when the newspaper AL-RA'Y appeared, bearing a red banner headline across eight columns. The headline declared: "Nine Corruption Cases Referred to the Public Prosecutor!"

The Jordanian Chamber of Deputies had held a secret session the previous day (Tuesday), which lasted 10 full hours. During this session, the Chamber of Deputies' financial report, composed of 120 pages, was debated. The report dealt with the economic situation in the country in general, and also focused specifically on the role of governmental decision makers and organizations, shortly before the onset of the economic crisis and the collapse of the dinar's value in 1988.

These events occurred before the parliamentary elections (8 November 1989), when most of the candidates' slogans demanded prosecution of those involved in cases of embezzlement, bribery, and suspicious brokerage deals, or what later came to be called "cases of administrative and fiscal corruption." These cases occurred especially during Zayd al-Rifa'i's term as prime minister, from 1985 up until the events in the south in April 1989, which led to the fall of the al-Rifa'i government.

During parliament's secret session, a firm agreement was reached among the deputies not to leak any part of the

information submitted for discussion, because any leak would impact on judicial proceedings, and might result in enabling some corruption suspects to destroy pertinent documents or forge others, so as not to become involved with judicial authorities.

Before that, in an open session, parliament had debated whether the session, in which the fiscal report would be discussed, should be public or closed. The deputies were divided into two groups, some of them calling for public session, so that the people would be fully informed (among this group were two deputies, Shaykh 'Abd-al-Mun'im Abu-Zant, and Lawyer Salim al-Za'bi), with others calling for a secret session, in order to prevent upsetting the Jordanian man in the street. Ultimately, it was decided that it would be best for the debate to be held in a secret session.

Accordingly, the closed session was held, and the deputies left their seats a little before midnight. They were certain that everything that had occurred was safe under parliament's dome, and would not be revealed to anyone, especially the press!

However, those deputies arose the next morning to the shouts of newspaper vendors, calling at the top of their voices: "Parliament Refers Nine Corruption Cases to the Public Prosecutor." It was the headline of the newspaper AL-RA'Y, which alone published this report, as we indicated earlier.

The Chamber of Deputies immediately sprang to its defense. As long as the session was secret, with only the deputies themselves in attendance, this information must certainly have been leaked to the press by certain deputies, that is, by someone inside parliament. However, instead of parliament recognizing this fact, it opened fire on the press and journalists. The current chief of the journalists' union, Hashim Kharisat, and the editor in chief of AL-RA'Y—and former union chief—Mahmud al-Kayid, were summoned to parliament to testify about the sources of the information that AL-RA'Y had obtained. A parliamentary investigating committee, composed of 11 deputies, also investigated other journalists, including some who do not work for local newspapers, but rather, are correspondents for European and American press institutions.

During the Chamber of Deputies' discussions in this regard, a clear division appeared in the chamber where voting took place three times with regard to the press' responsibility for this information having leaked. In the third and last vote, it appeared that only 31 deputies (out of 80) supported condemning the press' position and holding it responsible for the leak. Therefore, the Chamber of Deputies did not agree to refer the journalists, who had obtained the information from the closed session, to the Public Prosecutor, which was the demand of the deputies opposed to the press.

Nevertheless, several deputies continued to attack the press, accusing it of violating the Law of Publications

and Publishing, which warns any publisher against publishing secret parliamentary documents. Although a majority of deputies called for amending this law to aid the press' development, some deputies from the Islamic Movement believed that freedom of the press should be eliminated, because freedom of the Chamber of Deputies had begun!

Deputy Yusuf al-'Azm of the Islamic Movement said that the Jordanian press was merely a tool of persecutionist governments, and had never worked for the interests of the people!

Other deputies spoke harshly against the press. One of them even described those deputies supporting the press' position as not worthy of being present under parliament's dome, and that the appropriate place for them was on the street!

The pens of the journalists and writers immediately struck back, and they began to write articles in defense of the press' position, and its right to obtain information from any reliable source, without being obligated to divulge those sources.

One of the most heated clashes that occurred between the press and parliament was between the speaker of the Chamber of Deputies, Sulayman 'Arar, and Mahmud al-Kayid, AL-RA'Y's editor in chief. These two men are friends, and have both held the post of journalist union chief and editor of AL-RA'Y.

Sulayman 'Arar, in a letter sent to Mahmud al-Kayid and published by the press, pointed out that information obtained from [the Egyptian journalist] Muhammad Hasanayn Haykal confirmed that the term "fourth estate" was a colloquial expression and did not denote actual authority.

Mahmud al-Kayid replied forcefully to his friend 'Arar, tenaciously defending the right of the press and journalists to be independent and not subject to the authority of the state or security organizations—or to the Chamber of Deputies.

The battle reached its climax when some 16 Jordanian, Arab, and foreign journalists, who were covering the final sessions of the Chamber of Deputies' current term, withdrew from the places assigned to them in the chamber. They were led by the chief of the Jordanian Journalists' Union and several union council members. They returned to their newspapers, and an agreement was reached among the three daily newspapers to boycott the Chamber of Deputies' sessions and not publish its events. On the following day, the three newspapers appeared with the following front page item: "Representatives of the local, Arab, and foreign press boycotted the Chamber of Deputies session held yesterday evening, in protest against the intense attack that a number of deputies launched against the Jordanian press, because it had published information pertaining to cases of administrative and fiscal corruption debated by the Chamber of Deputies in a recent secret session. This has forced

journalists to withdraw from the chamber and cease the usual coverage of the session."

Testimony of Three Chiefs

AL-YAWM AL-SABI' conducted interviews with three senior Jordanian journalists: Hashim Kharisat, the current union chief; and two former chiefs, Mahmud al-Kayid, and 'Arafat Hijazi. The following is the "testimony" that they gave about the dispute between the press and parliament.

[Kharisat] We in the journalists union did not want relations between the Chamber of Deputies and the press to reach this point, because the two sides are instruments of democracy in Jordan. Our strong hope was that the Chamber of Deputies would be an umbrella to protect general freedoms and the democratic experiment, and to broaden its scope through various laws and legislation.

[AL-YAWM AL-SABI'] Do you believe that the Chamber of Deputies has the right to demand journalists be taken to court?

[Kharisat] I told the parliamentary investigating committee that if there was a need to question a journalist, then first, this question must come through the executive authority and not through the legislature. One can say that the government (executive authority) was a neutral party in the incident between the press and parliament, in contrast to this authority's role in past years. We gave the parliamentary investigating committee to understand that the intention should be to uncover the circumstances surrounding the leak of information from the secret session, and not to question journalists about sources of their information. On the contrary, the deputies should question themselves about the leak. I said to the committee members: "You gentlemen have made an erroneous point. If the question pertains to the quarter that leaked the information from members of the chamber themselves, then the committee should first investigate members of the Chamber of Deputies and not the press, which has the right to search for information from any source, because that is its right and role given to it by the constitution and the law.

[AL-YAWM AL-SABI'] Concerning the information published by AL-RA'Y about the secret session, does this information fall within the scope of the law?

[Kharisat] The answer to this question depends on whether or not that information falls within the bounds of material forbidden and prohibited for publication in accordance with the law. So far, no one has looked into this issue. That might mean that the government does not think that publishing this information contravened the law, and that the Chamber of Deputies was the only party that saw a violation with regard to the press report.

[AL-YAWM AL-SABI'] Who was the winner and the loser in this struggle between press and parliament? Can one say that this battle was in the interests of both parties and, generally, what is your assessment of its results?

[Kharisat] We would first like to discuss this battle. The question here might revolve around who began the battle or why was it begun? The parliamentary investigating committee decided to refer the dispute with the press to the judiciary. However, the Chamber of Deputies itself did not approve of that; on the contrary, a large majority of deputies strongly defended the press.

[AL-YAWM AL-SABI'] What about the journalists' withdrawal from the chamber, and the press' boycott of parliament?

[Kharisat] The withdrawal and boycott were two must positions, because the accusation against the press and journalists, as articulated by certain deputies, had become unbearable. There were many accusations, despite the very important role that the press has played since the establishment of the current parliament, or since our entering this democratic stage. The journalists did not expect this harsh, parliamentary reaction which, we might say, stems from certain deputies' misunderstanding of the press' role and responsibility. Let me say here that we had expected parliament to help us develop the current publications law, which we see as backward, particularly as defined by the regulations of martial law. We are relying on the Chamber of Deputies to promulgate a new publications law, to accompany our democratic course, and to work to expand press freedoms. As regards the chamber's restrictions and constraints on the press, that was unexpected, and we are unhappy with this situation.

[AL-YAWM AL-SABI'] The Chamber of Deputies believes that the term "fourth estate" is merely a phrase without legal basis. What do you, as current union chief, think in regard to this problem?

[Kharisat] The press is in fact the fourth power, if the sum of its freedoms is considered in accordance with democracy. Therefore, the term "fourth estate" derives its full meaning in the democracies that in fact believe in general freedoms, with freedom of the press in their forefront. In that way, the press is a true and effective power, even if the constitution does not officially stipulate that. Whenever laws regulating the press continue to prohibit publication of newspapers or withdraw licenses or suspend newspapers, then the words "fourth estate" will continue to be mere ink on paper.

Mahmud al-Kayid

[Al-Kayid] I believe that this struggle between the press and parliament was fabricated by certain deputies, when AL-RA'Y published certain information about events in the closed session. These deputies considered that to be publication of parliamentary proceedings. Some of the deputies began to accuse others, including those who demanded that a committee be formed to investigate the deputies, because some of them were the ones who had leaked the information to AL-RA'Y. Some of them said that AL-RA'Y representatives had been able to obtain the secret report of parliament's Finance Committee.

Others said that journalists had obtained the information from certain deputies. The fact of the matter is that AL-RA'Y's report was nothing more than cases that the journalists had compiled and sorted. They then presented them to the people. It was mentioned previously that the secret report was composed of 120 pages, was discussed over a period of 10 hours, and contained a very large number of cases, while the article published in AL-RA'Y was no more than a few paragraphs, only the equivalent of highlights of the most important corruption cases that parliament had discussed. The article was headlines, therefore, and not facts. Most of the facts were very well known to the man in the street. The Chamber of Deputies formed a committee to investigate, as some called it. This committee summoned me to participate, and indicated that the committee would end the dispute with the press, if we would name the deputy or deputies who leaked the report. Naturally, I refused to reveal the sources of my information, as professional principles required. I told the committee members that. I then emphasized to them that AL-RA'Y's article was not the "proceedings" of the secret session, but rather, was merely token highlights that the journalists, through their diligence and perseverance, were able to compile for publication in AL-RA'Y. However, the deputies stuck to their position, saying that what had been published was the secret session's proceedings. The deputies censured the journalists for their right to conceal their sources of information, and their right not to come before the parliamentary investigating committee to be interrogated. The reason for that was that they—that is, the deputies—do not know the nature of journalistic work, nor the rules of democracy, nor even some of the parliamentary rules.

[AL-YAWM AL-SABI'] Has such a heated confrontation ever occurred between the press and parliament in Jordan over the past 40 years?

[Al-Kayid] I don't believe that this is the first battle; one could call it a battle or a problem or an issue. From my standpoint as chief editor of AL-RA'Y, which was accused of leaking and publishing secret information, all I could do was defend the press and journalists, even if that cost me the wrath of the Chamber of Deputies. The press is the mirror of the people. Even if we do not believe that it is the fourth power in our country and Third World countries, it must certainly be independent and able to express the people's will, and their right to know what is happening in the community, without constraints from any quarter.

[AL-YAWM AL-SABI'] Should the Chamber of Deputies be allowed to take journalists to court?

[Al-Kayid] This is a legal problem. The deputies used the excuse that the publications law forbids publication of secret proceedings. The best thing in this situation would be for the executive power (but not the legislative power) to try to apply the publications law. This is what the citizenry and the press found strange; the executive authority's position is neutral, but the legislature (in this

case) has tried to take the executive's place in demanding that journalists be referred for prosecution. There was a vote on that in parliament, and 31 deputies voted to refer the editor of AL-RA'Y to the Public Prosecutor.

[AL-YAWM AL-SABI'] As an editor in chief, and a former chief of the journalists' union, did you endorse the position of those journalists who have boycotted parliament and withdrawn from its sessions?

[Al-Kayid] The deputies' meeting to debate the issue of the press lasted about two hours, despite the very important issues on the chamber's agenda. However, during those two hours, the deputies were busy accusing and attacking the press. Journalists heard this merciful attack by the deputies; they became upset and were prompted to leave. When the journalists told me about that, I blessed their stand, regarding it as positive action, and at that moment, agreed not to publish the preceedings of the Chamber of Deputies' sessions.

[AL-YAWM AL-SABI'] Do you think the battle is over? Who has gained from it? Has it profited the press or parliament?

[Al-Kayid] I don't think that there is a "winner" or a "loser" in this struggle. However, the total process was a lesson for both sides. We are new at democracy, both the press and parliament. This experience has proved that the press is more aware and responsible, that it better understands the nature of its work, and is capable of defending itself. The press is also anxious that the democratic experiment succeeds. We regard the press as a back up for the legislative power; we are anxious to respect and support the Chamber of Deputies, and have great interest in covering its news and the proceedings of its sessions.

[AL-YAWM AL-SABI'] Do you see any similarity between the experience of the Lebanese press which, it is said, bears part of the responsibility for what happened in Lebanon—and the present situation there—and the current experience of the Jordanian press?

[Al-Kayid] Certainly there is some similarity in press experiences, but I do not agree with the view that says it is the press that is responsible for what happened—and what is happening—in Lebanon. I believe that the Lebanese press had no role in what occurred. There were factions, warlords, militias, and foreign interference, as well as intervention by parties hostile to Lebanese and Arab unity. The Lebanese press has always been an Arab window on the world.

'Arafat Hijazi

[Hijazi] What happened between the press and the Chamber of Deputies was unacceptable in accordance with democratic principles. It was assumed with regard to the new Chamber of Deputies, which came about in circumstances that we considered tantamount to openness and the start of general freedoms, that this chamber must at the outset depend on the press and journalists,

since they represent freedom of expression and publication. I believe that this attempt by some deputies was unjustified; I say some, because the majority of deputies did not agree on the session's secrecy, nor on forming a parliamentary investigating committee to investigate journalists. It was unnecessary for them to demand that the journalists be taken to court on a charge of publishing the proceedings of a closed session, because the newspaper (first of all) did not publish the secret proceedings at all. On the contrary, they published some highlights of what occurred in that session, and that is what is done in all newspapers and radio and television broadcasts in the world. In Britain, a year ago, the publication and photographing of proceedings of the House of Commons was banned, but it was permitted to transmit the members' voices without showing their pictures. This means that secrecy has limits, and must be within the bounds of national security.

Concerning these events involving the Jordanian press, they have served the deputies, firstly and lastly, because the deputies know the circumstances in which the parliamentary elections were held. They were aware that the new Chamber of Deputies was the people's hope in the fight against corruption, embezzlement, and the excesses of the past. However, several months after the formation of the Chamber of Deputies, it became clear to the citizens that the new chamber was achieving far less than the people had expected. Therefore, there was a violent reaction from the man in the street against the chamber, and people began to belittle the activities and role of the Chamber of Deputies, until this dispute arose between the press and parliament. The publishing of the proceedings—or highlights—of the secret session was to the chamber's benefit, as it reassured the people that the Chamber of Deputies was still looking after the people's interests and endeavoring to prosecute the symbols of corruption. Therefore, the article in the press was a basic factor in restoring the electorate's confidence in the Chamber of Deputies. Some deputies (or most of them) understood this fact and, therefore, the majority refused to take the journalists to court. I believe that the demand by certain deputies to take legal action against the press, which is the symbol of freedom of expression, was not in the Chamber of Deputies' best interests, particularly since this chamber stands for democracy, freedom, equality, and an end to all forms of corruption.

LIBYA

Editorialist Claims Fundamentalists Against Arab Unity

90AA0126A Tripoli AL-ZAHF AL-AKHDAR
in Arabic 9 Apr 90 p 16

[Salim Bashir Daw Editorial: "Amidst Wave and Clamor of Canned 'Islamic' Tendencies, 'Abd-al-Majid Opposes Unity"]

[Text] Have you heard the talk of the Muslim brothers and their sisters? Is there among you one who has not

heard about them and who has not seen with his own eyes their momentous actions in all parts of the Arab homeland? Those who "believe" that their religion is "Islam" have almost turned into dervishes who know not in what direction they are spinning. Therefore, it is no problem if the White House replaces the Ka'bah [Islamic shrine in Mecca] or vice versa. Because they are this way, their blood pressure rises unbearably when Arab unity is mentioned in passing or in detail!

To begin, how did the entire idea of the Islamic tendency crop up and what is the true story and objectives of this tendency which our weak minds, our deficient faith, and our short arms cannot attain? Who is this extraordinary genius who discovered and who revealed to us in our moments of our heedlessness and weak faith that true Islam is the canned Islam—in harmony with the spirit of the age—that is stamped with the U.S. seal and that emerges from the shadows of the White House and not the shadows of the Ka'bah, even though the difference is not great now!

At this moment, I beseech God to give me and you guidance before it is too late and before Arab unity, which contradicts the Koran and the *sunnah* [sayings and doings of the Prophet, later established as legally binding precedents]—according to the opinion of an Islamic tendency leader, may God bless him—is achieved! The new Islamists and their new Koran have revealed to us that our existence on earth is, to start, a mistake and a sin and that we must implore God not to let the consequence of this existence be a devastating catastrophe. It is certain that what is delaying the occurrence of this catastrophe is a "white" faith among the new Islamists, who come from the nuclear age with the mentality of the third century of the stone age, and with intellects that became petrified at the time when al-ruba'iyat—and al-ruba'iyat means here the front teeth, not al-Khayyam's Ruba'iyat which they consider an infidelity—were broken in emulation of the apostle. It is our good fortune that their new Islam, their new Koran, and their new *sunnah* come from the nuclear age and the age of computers and buttons, which are extremely accurate but not, regrettably, completely perfect. This does not mean that our brothers—beg your pardon, I mean the [Muslim] brothers—and others whom you do not know, but who are well known to the United States, have not come at the right time, and their calculation is fully accurate and perfect!

Generally—and lest we be accused of infidelity, which is very easy and simple, especially since we have acknowledged our fault, i.e. being unity advocates when unity, as 'Abd-al-Majid al-Zindani has shown us, is against Islam and contradicts the Koran and the *sunnah*—should we announce our penitence after we acknowledge our fault, and should we obey them and renounce unity, considering that we are Muslims and that we are concerned with Islam and with its dictates and restrictions?

Oh, how terrible! How could we miss the fact that Islam has been against unity all these past centuries and how could we not realize that unity contradicts the Koran and the *sunnah*!

Why have we exhausted ourselves all these years in work which the blessed Islamic tendency vanguards have shown, in a brief and beneficial manner, to be an infidelity? What a waste of our days and years in violating God's instruction! Perhaps we have misinterpreted the Koranic verse which says: "And hold fast, all together, by the rope which God stretches out for you and be not divided among yourselves!" God, may He be praised and exalted, also says: "We have sent it down as an Arabic Koran in order that ye may learn wisdom." The catastrophe is that we have not learned wisdom and have not held fast unto the rope!

What is surprising—and it is no wonder—is that the complex of the very new Muslims toward Arab unity is exactly the same as the U.S. complex toward Arab unity. If anything, this shows that the copy we have is an original and not a forgery. With this, all we have to do is cling to them with our hands and feet in order that we may enter the promised paradise in the here and the hereafter! For your information, the distinguishing feature of the Islam of the civilized tendencies is that it promises two paradises in order to make the inducement stronger and to make faith more attractive!

What is important is that we are facing an irreplaceable historic opportunity, especially if we have already ridden the mount of our folly and established unity in violation of the Koran and the *sunnah*. All we have to do is take advantage of this opportunity to protect our bodies from hell's fires which have been kindled for the infidel, including those who advocate unity, as al-Zindani has declared and ascertained from the happy Yemen! We would not be honored to be infidel, would we?

In short, some of us should not think that the new atom-supported Islamic tendency that promises abundance is a suspect tendency! How is it, somebody asks, that one of this tendency's old leaders, such as al-Mawdawi, for example, comes from the East whereas the new leaders come from the West? This, I say, is an extraordinary miracle by the U.S. administration, author of the blessed and sacred call, intended to not let the Arabs rise anew. There is nobody more capable of performing this great divine mission than the Arabs themselves or than some Arab dervishes who are skillful at charlatanism and magic which the easterners have hereditarily mastered.

Today, God be thanked, and only He can be thanked for the unpleasant, those coming from the East meet with those coming from the West in a single melting pot, as they are scheduled to do, in order to accomplish—even if the venerable Koran and Islam are used as the new Trojan horse—one objective, namely to stand against the unification, progress, civilization, and development of the Arabs wherever they may happen to be and with all

the various available means, even the means that makes Arab unity the equivalent of infidelity and progress the equivalent of atheism. This is what is happening now.

We, the Arabs who have not set foot on U.S. soil and who have not been polluted with the poisons, infidelity, and atheism of the United States, have only one of two options available to us: Either renounce the canned Islam and achieve Arab unity for the sake of our existence and survival; or bury ourselves "in daylight" before the night bats, whose blessed beginnings go to al-Zindani, may God bless him, come out!

SUDAN

Lam Akol on SPLM's Forging Ties With Parties

90AA0062A Paris AL-YAWM AL-SABI'
in Arabic 16 Apr 90 pp 12-13

[Interview with Lam Akol Ajawin by Muhammad Khalifah: "Major Coup in Roles and Alliances"; first 11 paragraphs are AL-YAWM AL-SABI' introduction; date and place not specified]

[Excerpts] The announced merger of the Sudanese People's Liberation Movement [SPLM] and the anti-government National Democratic Alliance [NDA], which includes the Democratic Unionist party [DUP], the Communist Party and the Ummah Party, has brought about a remarkable development in the domestic equation in Sudan. This announcement, reached in the wake of negotiations held in Cairo between the SPLM and the Ummah Party, has placed the major political forces in the country in a heated confrontation with the military authority which is backed by the National Islamic Front [NIF]. Apparently this political polarization reflects new regional assessments of conditions in Sudan which have a direct influence on the regional alliances of the government and the opposition alike. In the following interview with AL-YAWM AL-SABI', Lam Akol Ajawin, member of the SPLM supreme political command, reveals that it has been agreed that the alliance use every available means, including military action, to topple the current government in Khartoum.

Between the 23rd and the 27th of March, exhaustive talks took place between a Sudanese Ummah Party delegation—made up of Central Committee Member Dr. Sulayman Muhammad Ahmad as head of the delegation, and Salah Jalal Muhammad Ahmad and Hasan Muhammad al-Hasan as members—and an SPLM delegation—made up of Dr. Mansur Khalid, political advisor to SPLM leader John Garang, and Mr. Lam Akol Ajawin, member of the SPLM supreme political command, member of the supreme military command of the Sudanese Popular Liberation Army and commander of the Upper Nile region.

These talks resulted in a signed agreement to merge the SPLM with the DNA, the front formed a few months ago

out of the Ummah Party, the DUP and the Communist Party, to bring together the major political forces in Sudan under a unified organizational formula to adopt a common political line and a common plan with which to confront the military rule that has been in power since the end of June 1989.

Based on the information available to AL-YAWM AL-SABI', it seems that the four parties will keep the national alliance almost closed to other parties and will be content with its present composition, at least for the time being. The foremost goal of these parties, however, is to establish contact with union leaders in Sudan and to coordinate with labor and professional sectors, including lawyers, doctors, students, engineers, judges, etc.

The four parties agree that the current regime in Khartoum is the military tool of the NIF, headed by Dr. Hasan al-Turabi. These parties are afraid that army officers, in cooperation with the NIF, will continue to purge state agencies and the public administration of all non-Muslim Sudanese employees with a view to replacing them with NIF cadres and forming secret militias to help the army to seize power in the country. In other words, they are working toward the establishment of a one-party system based on the military, and in addition are trying to apply a universal political "plan" [quotation marks as published].

It seems that a growing segment of the Sudanese people has come to feel and sense the harmony and full cooperation between the Military Salvation Council and the NIF. It also appears that several countries around Sudan feel that they have been duped as to the identity of the officers who undertook the salvation revolution and are now promoting the creation of a national opposition front bound to a universal political program to topple the regime. It seems that these countries have played for the first time a unified role in bringing together all the various Sudanese forces before the government in Khartoum has a chance to establish new institutions and remove the opposition from government—from the army, the intelligence service and the police in particular—to make it difficult to undermine the regime.

The regional countries neighboring on Sudan agree on the dangers of Islamist domination over Sudan and on the impact this would have on Sudan's unity and future as well as on its external impact on the region. Observers have cited the regional sponsorship of negotiations and the subsequent agreement between the Ummah Party and the SPLM delegations to illustrate this fear. On the other hand, some sources said that these talks resulted in the signing of another bilateral agreement between the two sides only to the exclusion of the DNA. These unconfirmed sources said that the two sides have agreed on practical and field coordination between them on the domestic front to include all the various fields.

Several Sudanese and Arab sources have said that the current stage in Sudan's history is, without exception, the most dangerous phase. Several countries in the area

have extremely pessimistic information about the future of this Arab country and the existence of an international trend aimed at partitioning it, not only into two countries, but rather into several countries.

Accordingly, they are moving swiftly and are coordinating with other countries, with which they used to fight, to try to ward off the fragmentation of Sudan.

Accordingly, these countries are currently adopting plans, strategies and operating methods with the Sudanese forces that are totally different from the plans they used to follow in the past and that are indeed different from the established principles that governed their movements and orientations throughout the Sudanese independence eras from the mid-fifties up until the present time.

All these developments and issues linked to the continuation of the war in Sudan between the central power and the SPLM—the solutions perceived by the DNA and the fundamental principles championed by the SPLM—were the topic of the interview AL-YAWM AL-SABI' conducted with Dr Lam Akol Ajawin, member of the supreme political command, member of the SPLM military arm, the Sudanese People's Liberation Army, and commander of the Upper Nile region. Following is the text of the interview:

[AL-YAWM AL-SABI'] What progress has been made in negotiations between the SPLM and other Sudanese parties to form a single expanded opposition front?

[Ajawin] As we have already stated, we have given our initial approval of the general spirit and the main lines of the NDA program and have said that we will make some additions and contributions to it before it is put in its final form. We are now in the process of holding talks and negotiations with the other forces on the programs's contents and the additions we would like to make.

[AL-YAWM AL-SABI'] What sides will take part in the front and what goals do you hope to achieve?

[Ajawin] The front is open to all Sudanese parties and organizations that believe in democracy and in the NDA's program and oppose military dictatorship or autocracy. The front will seek to achieve the national goals proclaimed in the program, namely the overthrow of the military regime, the establishment of true democracy without tutelage and the establishment of democratic institutions and legislation.

[AL-YAWM AL-SABI'] What means will you use to overthrow the regime?

[Ajawin] All available means will be employed to overthrow the regime, including military means.

[AL-YAWM AL-SABI'] Will you ask the other opposition forces to take part in the armed struggle to overthrow the regime?

[Ajawin] Every party, every political force and every faction will take part with the capabilities and means that are available to them, for the front is a framework for consolidating all these means for the sake of resisting the military regime.

[AL-YAWM AL-SABI'] The Ummah Party has been establishing militias from its followers ever since it was in power. Will it now use this force to confront the regime militarily?

[Ajawin] It is better to address this question to the Ummah Party, for it is better able to answer it and is more knowledgeable about its capabilities and future plans.

[AL-YAWM AL-SABI'] What I mean is that you are allied with it now. So will you ask it or others to share with you part of the burdens of a military confrontation with the regime?

[Ajawin] We do not ask any of the political parties to share the burdens of an armed struggle and we will not ask them for more than they can bear because we know that this method of struggle requires extraordinary and considerable capabilities and has objective circumstances that may not be available to the parties. We want each party to offer whatever it can according to its capabilities and abilities. However, we undoubtedly welcome any party in Sudan wanting to join the armed struggle arena to hasten the hour of decision, to intensify the current efforts and to advance the solution for our Sudanese people as a whole. But the decision to participate militarily shall remain the right of each party separately without obligation.

[AL-YAWM AL-SABI'] What is the military status now between you and the regime's armed forces?

[Ajawin] The military and combat status is very comfortable now for our fighters because we have the initiative. Everyone in Sudan knows that the armed forces that are fighting without belief in the regime's goals or in the war the regime is determined to continue have very low morale. Everyone inside and outside Sudan is aware of the false propaganda the Khartoum military rulers are spreading about combat conditions in the confrontation and about the state and the conditions of the armed forces. Everything being publicized in Khartoum is meant to deceive public opinion and to raise army morale. The practical results of battle alone can expose the lies and can clearly and patently bring out the facts.

[AL-YAWM AL-SABI'] How many armed forces prisoners do you have?

[Ajawin] We have over 500 military prisoners of various ranks, from colonel to private. These prisoners include officers and commanders well known throughout the armed forces and throughout Sudan, like Colonel Nasr-al-Din Khalil who used to be the Tawrid commander; Colonel Mahmud Mahjub Musa who used to be the al-Nasir garrison commander; Lieutenant Colonel Bakri

Salim Sa'id who joined us after he was captured; Major Muhammad Bakri who was captured during the 1987 al-Karmak battle; Lieutenant Colonel Abu-al-'Ala who was also captured in al-Karmak in 1985; and 1st Lieutenant Muhammad Mirghani who is the son of Major General Dr. Mustafa Mirghani (no longer in the armed forces) who has also joined us and was promoted to captain when he became eligible.

We have a lot more than these people. As we have already announced, in some of last year's battles we captured full battalions and garrisons.

[AL-YAWM AL-SABI'] How much is the war costing Sudan? In other words, what is the budget for this war that has been going on since 1983?

[Ajawin] The government in Khartoum surely knows how much the war is costing the Sudanese economy and budget. Everyone certainly knows or estimates that it is an enormous cost to the Sudanese economy, which is being ruined, plundered and impoverished day by day. They are intent on continuing the war even though they are aware that it will not be settled by force but rather by responding to our legitimate and just demands, the demands of broad segments of the Sudanese people.

[AL-YAWM AL-SABI'] Where do you get the money for your minimum expenses and expenditures? In other words, who is financing you?

[Ajawin] We do not have any sources of financing because we do not need a lot of money, as I have already mentioned.

[AL-YAWM AL-SABI'] Do you have a large army or a large number of fighters?

[Ajawin] Owing to the Sudanese people's empathy with us, we have grown and have rapidly built up our forces.

In 1983 we started with two battalions from the Sudanese Army that rebelled with us a while after we began. We do not hide the fact that the friends and brothers in the Libyan Jamahiriyah quickly stood by us and gave us considerable military and political aid. When this aid was cut off with the fall of Ja'far al-Numayri's regime in April 1985, we had already built up our numerical and training capabilities and had begun to attack the government's military garrisons and cities and to capture large amounts of sophisticated weapons such as tanks and artillery. These capabilities continued to be a tremendous driving force that allowed us to endure until last year when we succeeded in capturing 16 garrisons in only 6 months in East Equatoria. When we declared a cease-fire on 1 May 1989, we had already taken control of major garrisons like the al-Nasir city garrison, which had huge amounts of weapons and materiel, and other garrisons as well. Frankly, these are our sources of financing.

[AL-YAWM AL-SABI'] How creditable is the information that Libya has recently resumed its aid to you?

[Ajawin] This information is not true. Relations between us and the brothers and friends in Libya have not been broken but aid has been cut off since 1985. We are talking and consulting with them and we visit and meet with them, but they have stopped the aid and we no longer need it that much.

[AL-YAWM AL-SABI'] Are you receiving aid from other countries?

[Ajawin] Yes, many countries are helping us, but only politically.

[AL-YAWM AL-SABI'] Are you trying to expand the sphere of fighting to the west, the center and the north of Sudan?

[Ajawin] Our forces are now positioned in the west and the center and we are fighting throughout an immense area of Sudan. As for the north, it is not in a static state from the military point of view and we do not hide the fact that we are seriously working to extend the sphere of confrontation to include all major government positions, in the north in particular. It is not unlikely that this may occur in the near future. [passages omitted]

[AL-YAWM AL-SABI'] What do you think about the international multi-source reports that Sudan is headed for partition and fragmentation?

[Ajawin] Unfortunately, this contention is supported by Sudanese reality. The military adventurers' follies in Khartoum create the kind of factors and circumstances that lead to partition. The SPLM asserts, however, that it will struggle and fight to defend Sudan's unity, territorial safety and national unity with the same force and fervor it uses to fight for democratic change, for a new Sudan and for national, social and demographic bonds based on stronger, more modern, more equitable and more socially and democratically profound elements and foundations. The movement will not allow Sudan to be partitioned and fragmented nor will it allow its unity and safety to be undermined. As the whole world knows, we fought the Ananya Movement which was demanding secession for south Sudan. We fought it before we fought the government forces and we wiped it out of existence because the Sudanese people in the south sided with the movement's position, which is on the side of Sudan's unity. This is the position of the great majority of the Sudanese people, be they in the south, the west, the north, the east or center.

Amid the dangers surrounding the unity of Sudan, our fighting movement is gaining an added national dimension and is bearing extraordinary responsibilities, represented by its ability to foil, by military force and by keen political and national awareness, any attempts to partition Sudan.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

Scientific, Cultural Agreements With DPRY

90AF0114Z Djibouti LA NATION DE DJIBOUTI
in French 1 Mar 90 p 16

[Article: "Djibouti-Aden Accords Signed"]

[Text] On Thursday President El Hadj Hassan Gouled Aptidon received the prime minister of the People's Democratic Republic of Yemen, Dr. Yasin Sa'id Nu'man, head of a high-level delegation that paid a friendly official to Djibouti on 21-23 February 1990.

Earlier, Dr. Nu'man discussed bilateral relations and ways to strengthen them with Prime Minister Barkat Gourad Hamadou. The two also discussed Arab and international issues of common interest.

The visit coincided with the second session of the Djibouti-Yemeni Ministerial Mixed Commission, which was co-chaired by Djibouti's minister of foreign affairs and cooperation, Mr. Moumin Bahdon Farah, and his Yemeni counterpart, Dr. 'Abd al-'Aziz al-Dali.

The two sides signed several accords and protocols in various fields, including scientific and cultural cooperation. Also signed were two protocols on information sharing and cooperation between the two ports of Aden and Djibouti.

The two sides took note of the need to carry out an exhaustive study on possibilities for economic cooperation and commercial ties.

In addition, a technical and administrative cooperation agreement was ratified by Mr. al-Dali and Mr. Khairah Allaleh Hared, the Yemeni minister of interior, posts, and telecommunications.

At the conclusion of his visit, Dr. Nu'man expressed his thanks for the warm welcome extended to him and the rest of the delegation during his visit.

He also invited his counterpart, Mr. Hamadou, to visit South Yemen.

INDIA

V. P. Singh: Pakistan Preparing for War With India

46001480 Bombay THE TIMES OF INDIA
in English 15 Apr 90 p 1

[Excerpt] New Delhi, April 14 (UNI & PTI). The Prime Minister, Mr. V.P. Singh, today asserted that Pakistan was preparing to mount a war on India.

Pakistan had moved its radars to the forward areas and made its airfields "operational," he said. Some of the armoured regiments had also been moved to the forward areas, along the border with India.

It had sounded a "red alert, which is the last word" in this connection, he pointed out while informally talking to reporters after the special investiture ceremony at Rashtrapati Bhavan here.

Asked what India was doing to face the threat, Mr Singh said the country was prepared to face any eventuality.

The minister of state for defence, Dr Raja Ramanna, said India's biggest asset was its sound industrial base. "In the event of a military challenge from Pakistan, we can produce anything that is required to meet our defence requirements," he said.

Replying to questions, the Prime Minister said terrorists were trying to create disturbances all over the country in a planned manner.

He described as "sad" yesterday's bomb blast in a bus in the capital which claimed six lives.

About Kashmiri subversive activities, Mr Singh said law and order was a state subject. It was for the Jammu and Kashmir administration to decide whether to succumb to the pressures of the subversive elements or not.

In this connection, Mr Singh pointed out that even the dissolution of the state assembly was taken by the Jammu and Kashmir government.

Approached by reporters, the leader of the opposition and Congress president, Mr Rajiv Gandhi, alleged that the Centre was keeping the country in the dark about the happenings on the Indo-Pak border.

The government should take the country and Parliament into confidence, he said, adding that India would be able to give a fitting reply to Pakistan if it launched a war.

About ULFA [United Liberation Front of Assam] activities in Assam, Mr Gandhi said Assam was becoming "another Punjab." [passage omitted]

Prime Minister To Attend Kuala Lumpur Summit

46001479 Madras THE HINDU
in English 15 Apr 90 p 4

[Article by K.K. Katyal]

[Excerpt] New Delhi, 14 Apr—The Prime Minister, Mr V.P. Singh, will attend the summit meeting of the non-aligned Group of 15 on cooperation among the developing nations, to be held in Kuala Lumpur from 1 to 3 June.

The Foreign Minister of Malaysia, Datuk Abu Hassan Bin Omar, now here, today handed over the invitation for the summit to Mr Singh on behalf of his Prime Minister which was accepted.

This will be the first meeting of the G-15 set up in Belgrade last year during the NAM [Nonaligned Movement] session. India was represented by the then Prime Minister, Mr Rajiv Gandhi, for the establishment of the group, officially called the summit-level group of South-South consultation and cooperation. New Delhi, therefore, could not but be represented at the highest level at the inaugural meeting.

To Project Collective View

Apart from formulating strategies for cooperation within the developing world, G-15 was intended to be a forum to project their collective viewpoint on the management of the global economy. The industrialised nations had an effective grouping, G-7, but would not take seriously the fora of the developing countries, such as the NAM, which in any case, was too unwieldy. This gap was sought to be filled by G-15.

Datuk Abu Hassan apprised Mr Singh—and the External Affairs Minister, Mr I.K. Gujral on Wednesday—of the preparations for the Summit and substantive issues to be taken up there. Malaysia, he said, would like the group to have a secretariat and Mr Singh was agreeable to a small supporting mechanism for it. [passage omitted]

Text of Finance Minister's Message on 1990-91 Budget

46001516 Bombay THE TIMES OF INDIA
in English 20 Mar 90 pp 6, 7

[Text] New Delhi, March 19 (PTI). The following is the text of the speech of Prof Madhu Dandavate, minister of finance, while presenting the Union budget for 1990-91 today:

Mr Speaker,

I deem it a great privilege to have the opportunity to present the first budget of the new government.

Over a hundred days ago winds of political change swept the country. The new government, which secured a massive vote of confidence of this honorable house,

transcending political affiliations, made a tryst with the nation to respect and implement the mandate it received from the people.

Let me, at the outset, deal with the economic situation that we inherited from the previous government. I do so not in a spirit of acrimony but with a view to revealing to the house the ground realities. The Central government's budgetary deficit was Rs 13,790 crores as on December 1, 1989, a level nearly double the deficit projected for the whole year in the 1989-90 budget. Wholesale prices had risen by 6.6 percent since the beginning of the financial year. The balance of payment was under strain and foreign exchange reserves (excluding gold and SDRs [Special Drawing Rights]) were down to around Rs 5,000 crores. Stocks of foodgrains had fallen to 11 million tonnes.

On a broader scale, the economic survey which was placed on the table of the house only a few days ago deals with the current economic situation. I will not go into details but only highlight a few key points.

Slow Growth

There has been some slowing down of growth in 1989-90. GDP [gross domestic product] is expected to rise by 4 to 4.5 percent, industrial output by about 6 percent and agricultural output by 1 percent or so on the peak level reached in the previous year.

The price rise this year affects several commodity groups and the pressure of inflation is clearly linked to the fiscal imbalance. The budget deficit and money supply growth have been running well above target. The revised estimates for 1989-90, which I will present a little later, indicate that the budget deficit is expected to be substantially higher than Rs 7,337 crores projected in the budget estimates for 1989-90. The growth rate of aggregate monetary resources was 16.5 percent from the beginning of the financial year to February 23, 1990.

As regards the trade performance this year, exports have grown at the rate of 38 percent and imports at 21 percent in rupee terms in the first nine months of the year. But the pressure on reserves continues as the improvement on trade account is not sufficient to counterbalance the increase in debt-service obligations.

I have drawn attention to these features in order to highlight the constraints within which the new government has to look for ways of fulfilling its mandate.

The first task of the new government was to contain the rise in prices. A cabinet committee on prices was formed and effective steps were taken to increase the supply of essential commodities, break the inflationary psychology and contain inflation. The price situation, however, remains a matter for concern and the management of inflation is one of the priority areas for this government.

Foodgrain Stock

Adequate stocks of foodgrains are essential for maintaining price stability and our economic security. Foodgrains stocks in the central pool have been augmented and stand at 11.67 million tonnes at the beginning of February compared to 8.34 million tonnes at the same time last year.

Special attention has been given to increasing supplies of essential commodities and streamlining the public distribution system. Market intervention operations are being undertaken to stabilize open market prices of some sensitive commodities.

Another major problem before the country is the strain on our balance of payments position. In the last few years, large trade and current accounts deficits have been financed through depletion of foreign exchange reserves and growing recourse to foreign borrowing. To combat the pressures on the balance of payments and to ensure a viable situation over the eighth plan period, exports must command the highest priority.

The alternative of higher foreign borrowing to finance our essential import requirements runs the risk of mortgaging our hard won economic independence. This is clearly unacceptable. Therefore, the new import export policy 1990-93, to be announced on 1.4.1990, will accord top priority to exports and will give special encouragement for exports which earn high net foreign exchange.

The priority for exports will also be reflected in our industrial policy and later I will outline some fiscal measures to promote export production.

Oil Consumption

Our import bill for bulk items is increasing rapidly. Oil consumption, for example, has been rising at the rate of around 8 percent in the recent past. There has been a huge outflow of foreign exchange on this account. India's foreign debt has been doubled in the last five years. This has added to our vulnerability.

The trend has to be reversed. I am convinced that our people will make any sacrifice and meet any challenge in order to preserve our economic independence and spirit of self-reliance. We are ready to go through a period of austerity in order to avoid excessive foreign borrowings.

Fiscal imbalance is the root cause of the twin problems of inflation and the difficult balance of payments position. One of the targets of the seventh five year plan which was over achieved was deficit financing. While the projected deficit in the 7th plan period was Rs 14000 crores, in reality it was more than double.

The management of the deficit will require the containment of expenditure growth. I can assure the house that we will spare no effort to reduce the burden of administrative expenditure. But the restraint of expenditure also requires careful consideration of other areas of public

spending which involve implicit or explicit subsidies. We have to ask ourselves whether these subsidies are really reaching the people they are meant to serve or whether there is a better way of providing the same benefit.

Black Money

On the revenue side, the real issue is of tax compliance. Tax evasion is rampant. This generates black money and has other serious adverse effects on the economy, such as fuelling inflation and conspicuous consumption. Black money is also generated by shortages, artificially pegged prices and detailed physical controls. The 'leakages' from public expenditure programmes also cause serious distortions in the economic and social structure of our society.

We will launch a sustained and multi-pronged drive against proliferation of black money which is a social sin and an economic evil. To improve tax compliance, we shall combine reasonable tax rates and simpler tax laws with effective tax administration and strong deterrents against evasion.

Incentive Scheme

I have also received some suggestions from honorable members and fiscal experts on incentive scheme for 'unearthing' of black money and channelling it into desired directions. The advantage claimed for such schemes is that, instead of being used for conspicuous consumption or unproductive investment, the unaccounted money can be diverted to create jobs or to serve some other socially useful purpose.

The disadvantage is that these schemes generally provide for a more concessional tax treatment of the black money than the rates normally applicable. The different schemes tried out in the past did not yield much and were open to misuse. Human ingenuity manifests itself in strange ways.

In the past, it found expression in converting the bearer bonds, issued with laudable objective of bringing out black money, into alternate currency that exchanged hands at a premium. Thus the instrument to render black money white was itself used with vengeance to reconvert white money into black.

Nevertheless, in the present situation, when our needs are large and resources are tight, there is perhaps a case for introducing a time-bound scheme which would permit undeclared incomes and hidden wealth to be used for one or more social purposes, such as, slum clearance, building of houses for lower and middle income groups, and setting up of specified agro-based industries in rural/backward areas. Subject to certain conditions, the source of monies declared under this scheme need not be questioned. There could be a suitable flat rate of tax on such income.

The government would like to have a thorough debate in the Parliament before introducing a scheme of its type. I would very much welcome the views of the honorable members during the budget debate. In the light of these discussions the government will take the final decision.

Gold Act

Domestic trade in gold is regulated under the Gold Control Act which was introduced in 1963 with the broad objective of curbing the demand for gold. The Act has been largely ineffective. It has also caused hardship and harassment to small goldsmiths. There is not much point in continuing with such an ineffective legislation.

The government, therefore, proposes to abolish the Gold Control Act. This step would benefit many artisans and small goldsmiths all over the country. At the same time, we will use the Customs Act more vigorously to prevent smuggling of gold.

Let me now turn to some issues of long-term development.

In the traditional growth pattern, while the poor at the grass-root level suffered in silence without much benefit of growth trickling down to them the affluent at the top lived in splendid isolation and monopolized most of the gains of economic growth. The new government rejects this trickle down theory of development oriented planning in which the decentralized institutions of the four pillars state, aptly described by Dr Ram Manohar Lohia as the "Choukhamba raj" will play a pivotal role.

Our first priority is employment. In the eighties, our economy grew at around 5 percent or more. But according to a recent report of the national sample survey the number of persons who are chronically unemployed increased from 8 million in 1983 to 12 million in 1987-88. In addition, there are a vast number who are underemployed and whose earning from work fall well short of a decent minimum.

We believe that "every citizen has the right to productive and gainful work in order to live meaningfully and with dignity." We would like to introduce an employment guarantee scheme. However, the cost of doing so in all parts of the country are huge, and we do not have the necessary resources at this juncture.

Nevertheless, it is proposed to make a beginning on an employment guarantee scheme for the drought prone areas and areas with an acute problem of rural unemployment. The allocation for the employment schemes of the department of rural development will be supplemented, to the extent feasible, during the course of the year.

Faster growth of agriculture must be an important part of this strategy. We have achieved impressive growth in yields in the areas of good irrigation but yields remain very low in large parts of the country which are rainfed or semi-arid.

Our strategy for agricultural development must focus on increasing output in these areas through greater investment in irrigation, land development, and soil and moisture conservation. These investments will increase production. They will also generate greater absorption of labor in agriculture. Parallel to this effort, regions of high productivity should aim in diversification of agriculture and development of agro-based processing industries.

This will provide the economic linkages between the rural economy and growing markets in urban area, as well as potential markets abroad.

Farm Policy

The country had adopted an industrial policy resolution in 1956, which through the years has governed our broad strategy for industrial development. It is surprising that there is no similar agricultural policy resolution. This government will remove this lacuna. We will lay the basic foundations of agricultural development through the adoption of an agricultural policy resolution.

This will represent our national commitment in respect of a sector which is the hub of our economy. We invite all sections of the people to interact with the government on the formulation of this policy resolution.

We are committed to ensuring that 50 percent of the investible resources are deployed for the development of agriculture and rural development. We have made a beginning in this year's central plan will go up from 44 percent in 1989-90 to 49 percent 1990-91.

In addition, on the non-plan side we are providing Rs 1000 crores for debt relief, and Rs 4000 crores for the fertilizer subsidy, which also go to benefit rural areas.

Debt Relief

Once the past overdues are cleared, it is reasonable to expect that loans taken for current operations will be serviced promptly. The scheme should contribute to better agricultural recoveries and better identification of wilful defaulters, who do not deserve any sympathy.

Banks are being asked to set up a system of maintaining proper credit history of their borrowers covered under the scheme. The government would also like to make it clear that the scheme will not be extended nor will it be repeated.

The government proposes to introduce changes in the formula for computing costs of production of agricultural crops for price fixation so as to take full account of all costs. In particular the formula will take into account:

1. Valuation of labor (including family labor) on basis of statutory minimum wage, or actual wage, whichever is higher,

2. The remuneration for the managerial and entrepreneurial efforts of the farmer,

3. Adjustment of procurement/support prices for the escalation in input costs between the announcement of the prices and the arrival of the crop in the market.

The new formula will be reflected in the procurement support prices to be announced for the text kharif season. As procurement prices are revised in line with costs, the revision of issue prices is also unavoidable. In future, the government will announce revision in procurement and issue prices at the same time even though these may take effect on different dates.

In order to relieve our farmers from the burden of debt, an assurance was given in the National Front's manifesto that relief will be provided to farmers with loans up to Rs 10,000 as on 2nd October 1989.

It is proposed to introduce a scheme for providing debt relief which will have the following features. The relief will be available to borrowers who have taken loans up to Rs 10,000 from public sector banks and regional rural banks. The relief will cover all overdues as on 2nd October 1989 including short-term as well as term loans. There will be no limit on the size of the borrowers land holdings.

However, wilful defaulters, who in the past did not repay loans despite their capacity to do so, will be excluded. The central government will compensate the public sector bank and regional rural banks suitably for the debts which are thus written off. Many of those who filed insolvency petitions and had taken loans below Rs 10,000 which were overdue as of 2 October 1989 will also be covered under the scheme.

The state governments may also wish to introduce a scheme on the same lines in respect of cooperative banks within their purview. Subject to the constraint of resources, the Central government will consider suggestions for helping state governments in implementing a debt relief scheme on the same pattern in respect of cooperative credit institutions under their control.

I consider the debt relief measure a positive step which will enable our farmers, artisans and weavers to increase their productivity. It is at the same time necessary to ensure that there is no erosion of the capability of the banking system.

Loan Service

The threat to our environment can no more be ignored. It has been estimated that around 130 million hectares of land is degraded through soil erosion, salinity, total loss of tree cover, etc. our forests are under pressure from a variety of sources.

In urban areas, air and water pollution from industry, transport and other sources is widespread. A healthy environment is part of the quality of life and a productive environment is the basis for development. Our

emphasis on rural development and decentralization will allow us to integrate environmental considerations into the design of development.

Let me now turn to another area of great concern—that of unemployed youth. All of us who travel in our constituencies have seen the plight of young people able and willing to work, but unable to find employment. A long-term solution to this problem has to come from a shift to a more employment-oriented growth strategy.

But as an immediate step we have decided to give a boost to measures which will assist the youth of this country to acquire the skills that will improve their prospects for gainful employment.

A comprehensive vocational training project has been taken up covering 28 states and Union territories. The project will improve the quality of craftsmen training, apprenticeship training and advanced training of industrial workers. We also propose to link training and the provision of credit support for self employment.

Under the leadership of Dr B.R. Ambedkar thousands belonging to the scheduled castes had embraced Buddhist religion in 1956 to seek liberation from caste oppression to which they were subjected for centuries. However, in the eyes of the orthodox the social stigma on the scheduled castes was not erased even after their conversion to Buddhism.

It has, therefore, been decided by the Union government that all the facilities and privileges that were available to the scheduled castes will be available to them from the Union government even after their conversion to Buddhism.

Licensing Policy

A strategy for greater absorption of labor in agriculture has to go hand in hand with faster growth of industry and balanced development of infrastructure, specially power and incomes in agriculture can be sustained only if industrial production increases to meet the rising demand for inputs and wages goods in particular.

This government will give priority to accelerating industrial growth in a competitive and non-monopolistic environment. The government will review and simplify the industrial licensing policy to ensure that licensing does not become an instrument for preventing competition and perpetuating monopolies.

The khadi, village and small scale sector has a special role to play in any strategy for employment-oriented industrial development. We will work for the harmonious development of cottage, small and large industries and give protection against encroachment of large-scale on small-scale and small-scale against cottage wherever necessary.

The withdrawal of the 15 percent Central investment subsidy for backward areas has affected the growth of small-scale industries. We must take industry to the

people and not people to the industry. We propose to reintroduce a central investment subsidy for small-scale units in rural areas and backward regions.

A major problem faced by small industries is delay in the settlement of bills by large units. The provision of factoring of services in which the task of realization of the bill is taken on by an intermediary in one way of mitigating this. The house will be glad to know that some steps towards this end have already been taken by the Reserve Bank of India.

The problem of women entrepreneurs in the cottage and small sector are of particular concern to us. The provisions regarding margin money and seed capital for women entrepreneurs will be re-examined and liberalized.

There is a single window scheme for grant for working capital along with term assistance to new projects in the small-scale sector by state financial corporations. This arrangement facilitates setting up of small scale units would waiting for finalization of working capital limits from banks. The present limits of project cost for determining eligibility for such composite loans is being raised from Rs 5 lakhs to Rs 10 lakhs.

Reserve Bank has issued guidelines for provision of credit and rehabilitation of viable small scale units. These guidelines, are intended to assist the small-scale sector and not create hurdles in its path. Banks are being asked to implement them faithfully.

The public sector is vital to our country's development. It has played a major role in broadening the base for industrial and technological development in this country. The overall working results for the first six months of this financial year show a significant improvement in net profit from Rs 694 crores last year to Rs 1103 crores this year.

In 1990-91, Central sector enterprises will finance 46 percent of this plan investment from internal resources. We are committed to making the public sector more efficient and result-oriented so that it can generate more surpluses which can be ploughed back for development.

The health of the public enterprises depends crucially on the commitment of its employees and their full participation in management. It has been suggested that one way of securing this is to give workers a share in ownership either through stock option schemes or sale of shares to workers or to trusts owned by workers.

Share Sale

Since the equity of public enterprises is not quoted in the market, arrangements will have to be worked out to determine the sale and purchases price of such worker's shares. I invite suggestions from honorable members of the merits of this idea and how it could be implemented.

We are also firmly committed to the health development of capital markets and to strengthen the role of public

financial institutions. The institutions will be given functional autonomy. However, they must also be accountable for their actions. The institutions will not be party to corporate battles and clandestine takeovers. The government would like to create an atmosphere and a culture where financial institutions can function objectively without fear or favor.

There has been some concern about the role of financial institutions in relation to their intervention in the capital market. I have asked these institutions to frame suitable guidelines to that their actions are not only objective but seen to be so.

Each financial institution is expected to be operative in the interest of its depositors and investors consistent with national priorities. There may be occasions when there is an abnormal and persistent upward or downward movement in share prices because of concerted bull or bear pressures. In such situations, the financial institutions will play a stabilizing role in the capital market.

Bank Credit

The growth of banking since nationalization has been phenomenal. The banking system has been extended to the remotest part of our country. Banks are now playing a vital role in mobilizing people's savings and channeling them into productive areas. At the time of nationalization, only 14 percent of the bank credit was provided for the priority sector covering sections, such as, agriculture, rural development and small industries and business. Today, this proportion is nearly 45 percent. This is the measure of the success of nationalization.

There is one aspect of banking operations which is of special concern to me. This is the low credit deposit ratio in some regions. A variety of factors determine this ratio. I have asked the Reserve Bank of India to pay special attention to this problem and further improve credit delivery in such areas consistent with financial discipline.

Our bank managers and employees are, as a group, the most qualified, dedicated and hard-working. But it is also a fact that the level of public satisfaction with the banking services is not as high as it should be. Over the years, perhaps some structural rigidities have crept in. These need to be removed. There is need for greater competition and greater operational flexibility in respect of banking services.

The banking culture has to be made more responsive to the needs of the public. I am requesting the Reserve Bank of India to set up a committee of bankers, bank employees, depositors and borrowers to consider these aspects and make recommendations to the government.

Security Board

The previous government had announced the formation of the Securities Exchange Board of India (SEBI) in 1987. Three years have passed and the legislation for

giving statutory authority to SEBI has not been introduced. We will ensure that this is done in this budget session.

Science and technology is the mainspring of development. We are proud of the capabilities that we have built up in critical areas like agriculture, space research, atomic energy and defence. We will aim at utilizing talent of our scientists and engineers towards two basic ends:

- The development of appropriate technologies for agriculture, non-conventional and renewable energy and other employment intensive activities.
- The establishment of a strong base of self-reliance in critical areas of modern technology.

Public spending on R and D, incentives for the use of indigenous technologies and policies to guide private research efforts will be oriented towards these objectives.

There is a large community of Indians settled abroad. They have achieved tremendous success in their chosen professions and occupations. True to the rich tradition of our ancient culture, their physical location as not weakened the strong intellectual, philosophical and social links that they have with the country of their origin.

The government will continue to provide special facilities for them to invest their savings in this country. The procedures will be simplified so that they can function with a sense of confidence and in line with declared national policy.

Let me now turn to the revised estimates for 1989-90 and the budget estimates for 1990-91.

Revised estimates of expenditure for the current year show an increase of Rs 5620 crores over the budget estimates. Of this, Rs 4958 crores are on non-plan account and Rs 662 crores on plan account.

Honorable members are aware of the strains on our security environment which unfortunately coincide with the strains on our economy. Hence, on the non-plan side, defence services are being provided additional Rs 1500 crores to meet their essential requirements and committed expenditure. The provision for fertilizer subsidy will be Rs 950 crores more, mainly due to larger imports and clearance of arrears claims.

There is an increase of Rs 276 crores in food subsidy, mainly for clearing arrears due to the Food Corporation of India. An additional provision of Rs 468 crores has been made for export promotion and market development. Interest payments will be Rs 710 crores.

On the receipt side, while collection from corporation tax and customs duties are expected to more our less reach budget estimates, the receipts from Union excise duties are estimated to be Rs 599 crores less than the budget. The shortfall in net revenue receipts is expected to be more than offset by larger receipts from small

savings providend fund collections and special deposits of non-government providend funds, etc.

The overall deficit for current year is now estimated at Rs 11750 crores against the budget estimate for Rs 7337 crores.

The next financial year is the beginning of the eighth five year plan. This government is irrevocably committed to planned economic development, and to making the plan more meaningful to the people. As a part of the new strategy, in the next year's plan, we have provided more for those programmes and schemes which benefit the people directly.

An increase of 31.7 percent on last year's budget estimate is being provided for agriculture and allied services, without taking into account the budget provision of Rs 1000 crores for the debt relief for farmers, weavers and artisans.

The allocation for anti-poverty programmes, which are spread over different budget heads, is being increased by about 23 percent over last year's budget estimate. This includes the outlay for employment programmes in rural and urban areas which is being increased by 30 percent on last year's budget estimate.

We have a firm commitment to accord highest priority to agriculture and rural development and our thrust and actions are in conformity with commitment.

For the central plan 1990-91, I propose an outlay of Rs 39,329 crores—an increase of Rs 4,883 crores or 14.2 percent over the current year's outlay. Of this, Rs 17,344 crores will be provided as budgetary support and the balance of Rs 21,985 crores will be mobilized by the public sector enterprises through their internal resources as well as borrowings.

For the year 1990-91, an outlay of Rs 905 crores is proposed for the department of agriculture and cooperation which represents an increase of 17.5 percent over the budget estimates for the current year. In addition, I am also proposing an outlay of Rs 155 crores for agricultural research and education compared to the provision of Rs 110 crores in 1989-90—an increase of 41 percent.

SC/ST Funds

I have already referred to the intention of the government to make a beginning in respect of an Employment Guarantee Scheme. The annual plan outlay proposed for the department of rural development is Rs 3,115 crores. It is my intention to provide some additional funds, within the constraint of resources, to enable an employment guarantee scheme to be introduced in selected areas.

The government is pledged to securing a fair deal for the most oppressed, exploited and deprived sectors of the society, namely, the scheduled castes [SC] and scheduled tribes [ST]. It is proposed to make a provision of Rs 320

crores for the schemes for scheduled castes and scheduled tribes in the annual plan 1990-91 as against Rs 269 crores in 1989-90. The special Central assistance to special component plan and tribal sub-plans of states has also been increased.

The government would intensify the efforts for eradication of illiteracy. The very fact that millions of voters in the country have to identify the names of candidates on the ballot papers only from the election symbols is itself a symbol of the extent of illiteracy. We have made 25 percent increase in allocation for national literacy mission. Special attention to vocational programmes at all levels will be given. The process of modernization of technical education, and support to thrust and frontier areas in science and technology will be maintained. I am proposing an outlay of Rs 865 crores for the department of education during 1990-91.

In all the programmes of health and family welfare services, special attention will be paid to the needs of the rural people. I am proposing an outlay of Rs 950 crores for the ministry of health and family welfare for 1990-91.

The government attaches great significance to the welfare of the weak, the poor and the deprived living in the urban areas. Major initiatives for employment, low cost sanitation for liberation of scavengers and provision for night shelters are proposed to be launched. The plan outlay of the urban development sector is being increased to Rs 272 crores in 1990-91 from Rs 89 crores in 1989-90 for this purpose.

The annual plan outlays for 1990-91 for the infrastructure sectors are proposed to be stepped up. The outlays for petroleum and natural gas is proposed to be increased by 18.6 percent, railways by 12.4 percent and power by about 10 percent.

Tax Revenue

The details regarding Central plan outlays for these and other sectors are in the budget documents. I do not wish to take the time of the house in making my speech a substitute for the voluminous budget documents, and thus deprive the members of the excitement of reading these documents.

Honorable members will be happy to know that the Central assistance for state and UT plans next year will be Rs 12,848 crores, including the plan revenue grants recommended by the finance commission as against Rs 10,450 crores excluding drought assistance provided in budget estimates for the current year. This represents a substantial step-up of 22.9 percent.

On the receipts side, gross tax revenue at the 1989-90 rate of taxation is estimated at Rs 57,988 crores and the net tax revenue after payment to states of their share of taxes is placed at Rs 43,507 compared to Rs 37,798 crores in the revised estimates for the current year.

I have taken a credit of Rs 8000 crores on account of market borrowing as against Rs 7,400 crores in the current year. Taking into account the other variations in receipts and expenditure, the overall deficit for next year at the 1989-90 rate of taxation is estimated at Rs 9165 crores.

Defence Outlay

Budget estimates for the next year provide Rs 64,515 crores for non-plan expenditure as against Rs 59,220 crores in revised estimates for the current year. The main increase next year is under interest payments provision for which goes up from Rs 17,710 crores this year to Rs 20,850 crores next year.

The government has appointed a committee to consider the issue of one rank one pension in all its aspects. The report of the committee is expected by end of march 1990 and the government will take further action thereafter.

For defence services, a provision of Rs 15,750 crores has been made in the budget estimates.

The following is the text of Part B of the finance minister's speech:

Having taxed your patience so far, now let me turn to other areas of taxation and reliefs of which you must have been waiting impatiently. Let me begin with my proposals in respect of direct taxes. I am introducing certain major changes in the rate structure for personal income-tax with a view to providing relief to low and middle income groups, and to make the savings linked incentives more equitable for taxpayers in different income slabs. My first proposal to raise the exemption limit is in fulfillment of a promise made in the National Front manifesto. I am raising the exemption limit for personal income taxation from Rs 18,000 to Rs 22,000. Roughly, one million persons will go out of the tax net as a result of this change. In deciding the limit, I have had to balance two conflicting considerations. On the one hand, it is a fact that the lower income groups have been affected the most by price rise, and there is a case to raise the exemption limit. On the other hand, an increase in the limit narrows the tax base and involves substantial loss of revenue as the benefit of the increase is spread over all taxpayers, and is not confined to the lower end of the income levels. Experts have often argued that keeping in view our per capita income, raising of the exemption limit is not justified. However, as I temperamentally prefer to avoid taking extreme positions, I have chosen the middle course which I believe is fair and reasonable.

As a further measure of relief to the lower and middle income groups, I am extending the lowest rate of 20 percent from the present limit of Rs 25,000 to Rs 30,000.

Savings Incentive

Last year, a surcharge at the rate of 8 percent was introduced for financing employment programmes. Dropping this employment surcharge would have brought into question my irrevocable commitment to employment oriented planning. I, therefore, have no choice but to continue this surcharge. This will now be applicable beyond taxable income of Rs 75,000 as against the present limit of Rs 50,000.

As the honorable members are aware, the existing schemes of tax incentive to promote savings are based on deductions from income. A person gets tax relief at the highest marginal rate of tax applicable to him. Accordingly, it confers higher amount of tax benefit to a person with higher income vis-a-vis a person with a lower income. With a view to removing this inequity, I propose to introduce a system of tax rebate on the gross amount of savings under section 80C. Under the new system, a person contributing to provident fund, life insurance, national savings certificates, etc. as earlier will now be entitled to a tax rebate allowable to be Rs 10,000 generally and Rs 14,000 in the case of authors, playwrights, artists, musicians, actors, sportsmen and athletes. This is broadly equivalent to the maximum relief available now. All persons will get the same amount of tax benefit on a given amount of savings, irrespective of their levels of income. The low income taxpayer will benefit.

Let me illustrate the impact of the above proposals. A person with a salary income of Rs 3,500 per month, ie Rs 42,000 per year, who saves Rs 8,000 per year in provident fund and insurance presently pays Rs 1,000 per year as tax. Under the new dispensation, he will not have to pay any tax at all. The upper income group will have to save Rs 50,000 to get the full relief of Rs 10,000. Under the old system they would have got the same relief by saving only Rs 39,500. I may mention in passing, that the new system of a uniform tax rebate will also lead to a substantial simplification in tax deduction at source by employers.

Professional Income

As a further incentive to save, I propose to increase the limit available for the saving incentives under Section 80CCA from Rs 30,000 to Rs 40,000. Since the savings under this are on a 'netting' principle and are added back to income when withdrawn, the present system of deduction from taxable income will continue.

In addition to this, the equity-linked savings scheme (ELSS) announced last year has now been finalized on a 'netting' principle. Investment in units under the scheme, will be eligible for deduction up to a maximum of Rs 10,000 from the total income. The annual return on the investment in the units will be eligible for tax concession under section 80L. On repurchase of the units by the mutual funds, the capital amount representing the cost of the units will be taxed as income in the year of repurchase and the excess will be liable to tax as capital

gains. The equity-linked savings scheme will eventually replace the present deduction under section 80CC. Meanwhile, this provision is being extended for investments made up to 31st March, 1991.

In an effort to mitigate in some small measure, the hardship of parents or guardians of physically handicapped or mentally retarded persons with income up to Rs 6,000 per annum, I propose allowing a deduction of Rs 6,000 from the parent's or guardian's total income to cover expenses on medical treatment, training and rehabilitation of such persons.

I propose to increase the deduction in respect of professional income from foreign sources, available to authors, playwrights, artists, musicians, actors and sportsmen including athletes, from the existing rate of 25 percent to 50 percent of the income or 75 percent of the foreign exchange brought into India, whichever is higher. In the case of professors, teachers and research workers also, the present provision has been liberalized to allow deduction of 75 percent of the foreign exchange brought into India.

I will now make my proposals in regard to corporate taxation. The corporate sector has often claimed that the rate of corporate tax is high and that this inhibits growth as well as tax compliance. On closer scrutiny, I find that the rate is only seemingly high, because the system provides too many exemptions. After all the admissible exemptions and deductions, the effective rate falls drastically. Many large and high profit making companies had been able to escape the tax net and were paying zero tax for a long time. That is why the contribution of the corporate sector to tax revenue was not commensurate with the profits they earned; nor with the needs of national development. The tax system also tilted the balance in favor of capital intensive production.

To ensure better tax compliance, I propose a twin strategy. I am abolishing major incentives like investment allowance and investment deposit account with a view to closing the escape route for the corporate sector to go out of the tax net; and having closed that route, I propose to fix the tax rate for widely held domestic companies at 40 percent with corresponding changes in rates for other domestic companies. This twin strategy will raise the effective tax rate and will also give substantial additional revenue of Rs 800 crores.

The only major deductions that will now be permitted are those relating to foreign exchange earnings and for setting up new industrial undertakings. The deduction for setting up new industries is being raised from 25 percent to 30 percent in the case of companies and from 20 percent to 25 percent for others. The period during which the benefit can be availed of is being extended from eight to 10 years.

With the abolition of the major exemptions, there is a case for also removing the special provision regarding tax on minimum profits contained in Section 115J of the

Income-Tax Act. According, I propose to discontinue that provision with effect from the assessment year 1991-92.

I am also introducing an important change in the taxation of intercorporate dividends. At present, 60 percent of the dividend income received by a domestic company from another is exempt from tax. There is a tendency towards holding of personal wealth in the form of companies which are in effect closely held. In order to encourage genuine investment activity while at the same time discouraging the use corporate framework for holding personal wealth, I propose to exempt dividends received by domestic companies from other domestic companies to the full extent to which they themselves declare dividends during the relevant period. However, scheduled banks and public financial institutions would, in substance, continue to be governed by the provisions of section 80 M as they presently stand.

The result of the reform of the corporate tax system proposed by me will be to increase the buoyancy, simplify the tax structure and make it neutral as between small and large companies. At the same time, it will provide strong incentive for export and for investment in new industrial undertakings.

Many small scale industries are organized as partnerships. I propose to raise their exemption limit from Rs 10,000 to Rs 15,000 and to lower the tax rates suitably.

Restoration of ecologically degraded areas fulfills the objectives of employment generation, enhances the supply of fuel wood and fodder and also contributes to the overall social, economic and environmental stability of the rural areas. In order to promote afforestation, I propose to extend the provisions of Section 35CCB and section 80GGA to taxpayers who contribute to a fund for programme for afforestation approved by the prescribed authority.

As in the case of personal income tax, I propose to continue the existing surcharge of 8 percent on corporate taxpayers also on all incomes above Rs 75,000.

I also propose to make a major change in the taxation of gifts. At present, gifts are taxed in the hands of the donor, but there is no limit on the amount which a donee can show as having been received by way of gifts. Because of this, the mechanism of gifts is used to split up capital and launder black money. Some instances have also come to notice recently where attempts have been made to explain away wasteful and ostentatious expenditure on marriage receptions and other functions as having been financed out of gifts. With a view to curbing such practices, I have decided to substitute the present gift-tax on donors with a donee-based gift-tax. Any person, who claims his assets or his expenditures as having been financed from gifts, will now be liable to a gift tax on a graduated scale. Thus, he will have the pleasure of transferring a part of his bounty as a gift to the exchequer.

The primary purpose of the donee-based gift-tax is not to raise revenue but to check tax evasion and conspicuous consumption. In order to take care of legitimate gifts, there will be a basic exemption limit of Rs 20,000 per year. In the case of total gifts exceeding Rs 20,000 but not exceeding Rs 50,000, gift tax will be levied at 20 percent; for total gifts exceeding Rs 50,000 but not exceeding Rs 2,000,000 at 30 percent; and for total gifts exceeding Rs 2,000,000 at 40 percent. In addition, I also propose to allow for a substantially higher limit of Rs one lakh for gifts received from all sources by an individual at the time of marriage. Further, gifts received in foreign exchange through official channels will also be exempt.

I propose to make the new system applicable in respect of gifts made on or after 20th March 1990. Consequently, the existing gift-tax act taxing the gifts in the hands of donors will cease to be operative in respect of gifts made on or after that date.

Legislation to give effect to this new scheme is proposed to be introduced during the current session of Parliament.

I do not propose to take up the time of the house with other minor changes in the direct tax laws.

As I mentioned earlier, there will be a gain in revenue from corporate tax to the extent of Rs 800 crores. The loss in revenue from income tax, other than corporate tax, after providing for better compliance is expected to be Rs 250 crores. There will, therefore, be an additional accrual of Rs 550 crores in respect of direct taxes.

Indirect Taxes

Sir, I shall now deal with my proposals relating to indirect taxes. The main thrust of the proposals is on simplification and rationalization. Simultaneously, I have also attempted to mobilize some resources in a manner that does not hurt the common man and at the same time helps to curb elitist consumption. A major emphasis has been on strengthening impulses for growth and exports. Significant changes in duty structure are also proposed to develop a quality culture in our industry. I have also not failed to give relief to the deserving sectors, particularly small scale industry, agriculture and environmental protection. All these measures have been described in some detail in the explanatory memorandum to the Finance Bill and I shall deal briefly with the more important of these proposals.

Presently, the import duty rates are widely dispersed. With a view to rationalizing the rates and bringing down their multiplicity, the total of the basic and auxiliary duty rates of customs are being placed in a limited number of slots in the range of zero to 125 percent in respect of most items. Further, as a step towards rationalization and simplification of the central excise tariff, the duty rates are proposed to be recast for a large number of goods. Though as a result of the rationalization, the duty rates on certain commodities may marginally go up or down, the proposals on the whole are

intended to be broadly revenue neutral. The reduction in the number of rates in each chapter of the tariff will simplify assessment. It will be our endeavour to ensure a measure of stability for the ad valorem rates.

Farm Sector

First, I shall take up the proposals which are in the nature of concessions in customs and excise duties.

Agriculture is a priority area in our framework of development and tax rates are already kept low on most of the inputs used in this sector. Specified pesticides and pesticide intermediates enjoy concessional rates of import duty of 70 percent and 60 percent respectively. I propose to reduce the import duty on a few more specified bulk pesticides and pesticide intermediates to these levels. The proposal involves a revenue loss of about Rs 16 crores.

In order to encourage the use of rapeseed oil and mustard oil, of which there is an abundant production in the country, I propose to completely exempt refined rapeseed oil and mustard oil which are currently attracting excise duty of Rs 750 per tonne. The revenue loss on account of this proposal is estimated to be Rs 8 crores.

I propose to remove excise duty on pickles altogether in the hope that this will lend some flavour and spice to my budget.

Excise duty on coffee is presently levied at the rates of Rs 78 and Rs 105 per quintal depending upon the variety. As a measure of relief to the coffee growers, I propose to reduce the duty to a uniform level of Rs 50 per quintal. This concession involves a revenue loss of Rs four crores.

Marine products constitute a major thrust area of the country's exports. In order to make imported prawn feed more economical, I propose to reduce the duty on this item to 25 percent. In order to help modernization of food processing and sea food industries, I propose to extend the concessional rate of import duty of 40 percent now available to certain specified machinery, to a few more items.

With a view to reducing the cost of cattle feed, I propose to completely exempt molasses used in its manufacture from the whole of excise duty, I also propose to prescribe concessional import duty of 40 percent in respect of certain items of equipment required in cattle breeding and dairying.

Relief to SS Units

I propose to exempt fully foot-valves of certain specification from excise duty in order to promote efficiency of agricultural pumps.

Presently, kraft paper and kraft paper-board used for apple packaging in Himachal Pradesh, Jammu and Kashmir and Uttar Pradesh are exempted from excise

duty as a measure to conserve forest wealth, I propose to extend this concession to packaging of all horticultural produce all over the country. This is expected to result in a revenue loss of Rs 5 crores.

I propose to extend full exemption from excise duty to hand made paper and paper board manufactured by units of Khadi and Village Industries Commission [KVIC] even when power is used in the process of sheet forming. I also propose to enhance the value limit for the purposes of excise duty exemption on footwear from Rs 75 to Rs 100 per pair in respect of such footwear made by units under KVIC as well as those run with the assistance of IRDP [Integrated Rural Development Program].

In addition to the measures outlined in the earlier part of my speech for the promotion of small scale sector, I also propose to extend some more fiscal concessions to this sector. Presently, small scale units are allowed complete exemption from excise duty in respect of clearance of goods up to a value of Rs 15 lakhs in case such goods fall under only one chapter of the central excise tariff. I propose to increase this value limit to Rs 20 lakhs. The total exemption available to goods cleared up to a value limit of Rs 30 lakhs, when such goods fall under more than one chapter of the tariff, will remain unchanged. The increase in exemption limit for small scale units involves a revenue loss of Rs 67 crores. The scheme of notional credit of 5 percent in the case of inputs manufactured in the small scale sector is also being continued for one more year from the 1st April, 1990. Further, the limit of value of clearance of goods in a financial year for the purpose of obtaining a central excise licence is being increased from the existing level of Rs 10 lakhs to Rs 15 lakhs. It has also been decided that the licensed small-scale units having value of clearances up to Rs 20 lakhs in a year will henceforth be required to furnish only quarterly returns of production, clearance and duty payment. These changes are proposed to take effect from the 1st April 1990.

In order to reduce the prices of life saving drugs, I propose to exempt certain finished formulations containing rifampicin, which is an anti-tb drug, from central excise duty. Specified bulk drugs which are required for the manufacture of certain life saving medicines are also being exempted from customs duty. I propose to reduce the import duty on certain specified drug intermediates to 90 percent. These proposals involve a loss of revenue of nearly Rs 17 crores.

Aseptic Packaging

We are all aware of some recent tragedies involving unhygienically packed intravenous fluids. In order that the pharmaceutical industry is encouraged to employ latest techniques of aseptic packaging, I propose to reduce the import duty on aseptic form fill seal machines for use by that industry from the present level of 147.25 percent to 40 percent.

Certain life saving equipments are eligible for complete exemption from import duty. I propose to extend this

benefit to certain specified instruments and implants for physically handicapped persons. I also propose to give some concessions in customs duty to components of hearing aids.

I propose to reduce the import duty on homeopathic medicines as well as on certain inputs for the manufacture of such medicines. This involves a revenue loss of about Rs 5 crores.

With a view to giving an impetus to industrial production and to boost exports, I propose to grant some concessions to capital goods and machinery.

There has been a feeling that our exports are not able to face international competition due to high cost imported capital equipment. A scheme is being worked out for making available to registered manufacturer-exporters the facility of import capital goods at concessional rate of duty against suitable export obligation. Broadly, capital goods up to a specified value limited imported under the scheme would be eligible to a concessional import duty of 25 percent. This will be subject to the condition that goods of a minimum of three times the value of the imported capital goods are exported within four years from the date of importation. The details of this scheme will be announced in the new import and export policy.

Concessional import duties have been prescribed from time to time on machinery required for various export thrust sectors. I propose to extend the concession to specified items of machinery for rubber belting industry and forged hand tool industry. The concession involves a revenue loss of Rs 8 crores.

In order to promote investment and strengthen indigenous capital goods sector, I propose to reduce the excise duty on such machinery on a selective basis by 5 percentage points. This concession will lead to loss of revenue to the extent of Rs 600 crores. I am one of those who believe that the indigenous capital goods sector is integral to our search for self-reliance. I hope the reduction in excise duty will make our capital equipment more competitive and spur modernization.

Concessional Duty

With a view to encouraging industrial units to invest in quality upgradation and strengthen quality control, I propose to prescribe a concessional import duty of 40 percent on specified instruments and equipments. The proposal involves a revenue loss of Rs 30 crores. This substantial revenue loss is worthwhile in the interest of improving the quality of indigenous products.

In the interest of better environmental protection and pollution control, I propose to extend the present concessional customs duty of 40 percent to some more specified air and water pollution control equipments. At the same time, I propose to reduce the excise duty on certain specified pollution control equipments from 15 percent to 5 percent.

Heavy investments are required for the upgradation of the facilities available at the airports. I propose, as a measure of relief, to reduce the import duty on navigational, competitiveness of the handloom sector.

Since at present the additional excise duty at the processing stage cannot be shifted to yarn without consultation with the state, I have attempted to rationalize the duty structure on fabrics. The number of slabs in the case of man-made fabrics is being reduced in a manner that the duty on fabrics becomes more equitable and the administration of tax laws more efficient. The rationalization will also, I believe, greatly reduce evasion and consequently improve realization.

Let me turn to man-made fibers, yarns and the intermediates used to produce them. Honorable members will recall that duties were reduced substantially on man-made textiles in 1985 and 1988. While the incidence of taxes was lowered, there have been complaints that the consumer did not get the corresponding benefit. I have thus tried to revise the duty structure keeping in mind the ability of different sectors to bear the additional burden. This will also help the competitiveness of the handloom sector where the dominant fiber is cotton. The major changes I am proposing are:

Imposition of a basic excise duty of Rs 4.40 per kg. On PTA and Rs 3.60 per kg on DMT which will yield Rs 80 crores.

Papers Report, Comment on Indo-U.S. Trade Talks

Government Officials Meet

46001494A Calcutta THE STATESMAN
in English 5 Apr 90 p 1

[Article by Warren Unna]

[Text] Washington, April 4.—India and the USA have now aired each other's concerns over trade and investment. But, while the atmospherics were friendly, they found themselves at a dead impasse over a long contentious issue: patent rights for the research that goes into the development of pharmaceuticals, and how all this affects the price the sick person has to pay for medicine.

"Overall, our discussions have contributed to sorting out such irritants as there may be", declared India's Finance Secretary, Mr Bimal Jalan, in giving diplomatic sugar-coating to the past two days of meetings between senior governmental officials of the Indo-U.S. economic and commercial subcommission.

It was the group's first meeting in over three years, the last being held in Delhi in February of 1987, and the first gathering of representatives of comparatively new Governments—those of the Prime Minister, Mr V.P. Singh's and President George Bush's.

But, the briefing the Indian Press last night, the Finance Secretary, when asked if he had detected the present U.S. Administration being more economically forthcoming than the preceding administration of Mr Ronald Reagan, retreated under his diplomatic mantle: "I would not be a 'seasoned hand' (the title one reporter had used in trying to draw him out) if I were to make a comparison between one U.S. Government and another".

Actually, it was the Bush Administration, last may, which hardened U.S. trade relations with India by coupling it with Japan and Brazil under charges of "unfair" trade practices. The U.S. Government then proceeded to set a 12 to 18-month deadline for India to change its ways—or else face U.S. reprisals in the form of increased tariffs on Indian products exported here or U.S. Governmental assistance to its own "injured" industrial competitors. The Bush Administration invoked the "Super 301" provision of the USA's 1988 Trade Act, legislation enacted by a protectionist-angry U.S. Congress.

Asked if "Super 301" came up in the Monday-Tuesday sub-commission talks here, Mr Jalan displayed an uncharacteristic bristle: "It was not raised by either side. Our view is well known. There is no question whatever of negotiating with any Government on 301 under threat of retaliation".

Instead of negotiating, the sub-commission reportedly adhered to its mandate when established in 1974: an airing of economic "concerns". Mr Anwar Hoda, the Finance Ministry's Additional Secretary and specialist on GATT matters, acknowledged that the "major area of disagreement" involved the acronym of "trips"—trade-related intellectual property rights.

This is something India and Brazil took the lead in opposing at the last, or "Uruguay round", of the GATT gathering on international trade agreements. As the Additional Secretary explained it, India, which over the past 20 years has managed to convert its price of medicines and drugs from the world's most expensive to the world's cheapest, is not interested in inflicting on its citizens the enormous research and development costs of U.S. pharmaceutical manufacturers. Nor, he said, did India want to have its own drug researchers' work suddenly brought to a halt simply because a U.S. firm was awarded a long-term patent and insisted all related research elsewhere must cease.

According to Finance Ministry officials, they found more give-and-take with their U.S. counterparts on something India is much more interested in a cutting back of U.S. quotas on textiles. They said the USA was now speaking of moving from individual nation "discriminating" quotas to global quotas in 10 years, and then affixing a "G" (for growth) standard which would be set after (presumably bilateral) negotiations. India would like to see the restrictive U.S. quotas on its textile exports lifted within half that time, five years, and also wants a clarification on what the USA has in mind by its "G".

From the U.S. side, the sub-commission's co-chairman, Mr Richard McCormack, the Under-Secretary of State for Economic Affairs, put emphasis on India liberalizing foreign investment. Specifically, the USA reportedly wants India to increase its general 40 percent foreign equity participation limit in Indian firms in order to permit a "majority equity" which would allow the foreign firm to assume control of the joint venture.

In countering this, the Finance Secretary told reporters: "We do not see this as a competitive situation. so far, we have not seen any lack of interest in investment in India, partly because of our track record, partly because the companies which have invested in India have done quite well". He noted that there now were no less than 200 new U.S. company collaborations with India every year. He added laconically: "We must be doing something right".

The Finance Secretary will be a principal speaker here today at the first session of a two-day gathering of the Indo-U.S. bilateral business conference. The conference annually brings together Indian and U.S. business executives. But in the past at least, India has been represented by her top tycoons while American firms have despatched only their second and third stringers.

This year, however, at least the U.S. speakers' list is impressive. This includes: the Speaker of the U.S. Congress' House of Representatives, Congressman Thomas Foley, Miss Carla Hills, the U.S. trade representative, and Mr Robert Mosbacher, the U.S. Cabinet's Secretary of Commerce. On the Indian side, in addition to Mr Bimal Jalan, the speakers include: Mr G.B. Deshmukh, the Cabinet Secretary, Mr A.N. Varma, Secretary of Industry, Mr M.S. Gill, Secretary of Chemicals and Petrochemicals, and two Indian industrialists. Mr Hari Singhania and Mr Raunaq Singh, chairman and co-chairman of the Indian representation at the Indo-U.S. bilateral conference.

Businessmen's 6 April Meeting

46001494B New Delhi PATRIOT
in English 7 Apr 90 p 9

[Text] Washington, April 6(PTI)—In a speech that was unusually blunt if not brutal, US Trade Representative Carla Hills on Thursday called upon the Government of India to "Get out of the business of regulating commercial activity."

She also warned Indian entrepreneurs that if India does not meet American demands under Super 301 and Special 301 of the Omnibus Trade Act, they could find American markets closed to them.

Apparently referring to India's refusal to negotiate under threat, Mr Hills, who was addressing top Indian and American businessmen gathered in Washington for the US-India Joint Business Council, more than once invited India to discuss all areas of concern to India as well as the US, but expressed her determination to use American trade laws to "pry open" closed markets.

However, Union Finance Secretary Dr Bimal Jalan, who by design or otherwise came long after Carla Hills' speech, made it clear that Indian laws and regulations have to conform to the desires of the Indian people represented by their Parliament and to suit Indian conditions.

House of Representatives speaker Thomas S. Foley, who also addressed the gathering, used softer language but he too was adamant on the proposition that trade between the two countries had to be based on reciprocity.

Key American delegates who have the reputation of being "friends of India" joined in pressure play. At the top of the list was the US section Chairman, Donald M. Kendall others included Mr Orville Freeman, former agriculture Secretary, and ex-Senator Charles Percy.

In an almost patronizing tone, Ms Hills said, "it is sad for me to see that India is out of step with the dramatic changes taking place worldwide".

Carla Hills hard-hitting, apparently ideologically-oriented speech angered or amused the Indian businessmen, who pointed out that 90 percent of capital for Indian industry was today generated from within the country.

The Indian Section Chairman, Hari S. Singhania, and Co-Chairman Raunaq Singh made clear their feeling that in making such demands, the US government and Congress were ignoring realities.

They said it should be taken in view that India was developing her economy through the democratic process while at the same time dealing with the difficult problem of mass poverty.

Indian businessmen said the US was resorting to coercion which had nothing to do with the democratic process while dealing with the world's largest democracy. They also cited facts and figures to question Ms Hills main proposition that India is not growing economically because of government interference with the market.

Afterwards, one of the leading Indian businessmen told PTI that the Carla Hills speech would not affect the business council's work at the level of businessmen to businessmen. She, being a politician, he said, felt bound to make a political speech. He added that privately US officials had admitted to him that the US made a blunder in citing India under Super 301 but now "face" was involved in a superpower admitting that publicly.

Ms Hills reiterated her demand that foreign insurance companies must be admitted freely into India, that there should be no insistence by the government on the proportion of equity foreigners can hold in a company in India, and that India should not link a license with local content or export requirement.

But on the last one even Mr Kendall as Chairman of Pepsicola which has entered into an arrangement with

India for developing Punjab's agricultural exports in return for permission to sell Pepsi in India, found her too ideological.

He said, "we are willing to discuss steps we can take together to meet your pressing needs such as stemming the flow of currency or improving agricultural efficiency. We are even willing to sign unique contracts whose terms are favorable to India. Even if you are still worried about currency being removed from your country, you can set up arrangements to companies (which) must earn their foreign currency".

NTE Report: The Bush administration has warned that if it found India not complying with the bilateral agreements on the issue of export subsidies in India, "the United States will take appropriate steps which could include revoking the injury test in the US countervailing duty cases".

The reference was made in its 1990 National Trade Estimate Report on Foreign Trade Barriers, which is sent to congress by the end of March.

Reacting to this Mr Hari Shankar Singhania said here on Thursday: "I make bold to suggest that the US too can turn the searchlight inward. Take your own countervailing and anti-dumping duty regulations.

"We have been given to understand that countervailing duties are being imposed even before completion of the investigations and without giving an opportunity to Indian exporters to present their case".

He said there are other limiting measures in the USA—Multiple Quality Inspection, high third party product liability restrictions on export of some sophisticated technologies, etc., "these should be reviewed".

He said the quarterly report on is the handiwork of the US Trade Representative. This year's report reads like a replay of the report that led to Super 301 and special 301 citations against India.

This year's report says among other things in 1989, the US trade deficit with India was \$851 million or \$412 million higher than in 1988.

7 April Events

46001494C Bombay THE TIMES OF INDIA
in English 8 Apr 90 p 1

[Text] Washington, April 7 (UNI). The Bush administration is considering lifting restrictions on the sales of the US high-technology and military equipment to India but, in turn, wants New Delhi to protect intellectual property rights, says the US commerce secretary, Mr Robert Mosbacher.

Addressing the concluding session of the three-day meeting of the Indo-US Joint Business Council here yesterday, he said this give-and-take could help the two countries work together in the field of trade.

Mr Mosbacher said the US wished to tear down the walls that came in the way of transfer of high-tech. But "these barriers" existed because America, to a great degree, had not been able to invest in India.

Mr Mosbacher spoke of the "tremendous new potential" in the Indo-US commercial relations. "We have hardly begun scratching these possibilities," he observed.

Listing the steps taken to make the US a competitive trader, he said "We need a clear and consistent trade policy to help business in India and other countries."

He took note of the developing Indian economy which, he said, was a factor of stability in South Asia. It has a vast internal market, ample natural resources but "its economy still had numerous internal barriers which acted as a damper to the US investors."

Mr Mosbacher regretted that no progress had been made in the trade dispute in Uruguay round, especially in the field of intellectual property.

He said the US investment was low in India because of procedural and bureaucratic delays.

PTI adds: Mr B.G. Deshmukh, principal secretary to the Prime Minister, Mr V.P. Singh, has strongly defended India's licensing regulations.

These were essential to meet Indian priorities and to ensure that India will not join the "club" of countries unable to meet their foreign exchange obligations, he told the US-India Business Council here on Friday.

"Indian democracy is one of the most stable democracies in the world. It has reached a certain maturity, reflected in the very peaceful transition from the party in power. Indian economy also has reached a certain maturity," he said.

The United States has agreed in principle to sell a supercomputer to India that experts warn could be used to make nuclear weapons, according to AP.

But the export licence for the Cray computer depends on India's willingness to adopt measures restricting the computer's use to peaceful research and preventing the transfer of its data to unauthorized people, one source said.

Indian officials are balking at the conditions, noting that another supercomputer bought in 1987 was only being used to forecast monsoons and that India had signed a 1984 agreement promising not to transport high-tech equipment to other countries.

The Indian business delegation has urged the US businessmen not to get bogged down by the US decision to name India under Super 301 and Special 301 of the Omnibus US Trade Act and to step up investment in India.

The leader of the delegation, Mr Hari Shankar Singhanian, told the Indo-US Joint Business Council in Washington that economic relations between India and the US have weathered many ups and downs and urged the US businessmen "to mobilize its competitive forces to penetrate into the Indian market."

Meanwhile, the United States and Japan have reached an agreement under which the two countries would avoid a trade war.

The agreement reached eliminates the possibility of the US retaliating against Japan under Super 301.

The promises of both sides will have to be fleshed out in due course, with the next round due this summer.

While the US has agreed to reduce its budget deficit, encourage private savings and improve worker training, the Japanese did not press for the US reducing the number of credit cards in the US and increase the gasoline tax.

Singhanian Press Conference

46001494D New Delhi PATRIOT
in English 9 Apr 90 p 9

[Text] Washington, April 8 (PTI)—Mr Hari S. Singhanian, Co-Chairman of the Indian section of the US-India Business Council, has cautiously expressed doubt that the US will take their Super 301 dispute to the point of retaliating against India.

He was unimpressed by Commerce Secretary Mosbacher's argument that if India did not accept American terms, US capital will go to Eastern Europe. He reminded those who were euphoric about Eastern Europe today, of China.

When asked at a press conference here on Saturday whether he sensed that the US would retaliate against India in view of India's refusal to negotiate under that umbrella, though she is willing to talk bilaterally or at multilateral for a independent of Super 301. Mr Singhanian said: "Whether the US Government will retaliate or not I am not competent to say at all or venture into it.

"But I am absolutely clear and I am sure that there are very intelligent people here in America and they will certainly take an intelligent position, and they will weigh very well what they are going to do, because the consequences of it, I am sure, would weigh with them very well".

"These matters which are part of 301 are in fact before the multilateral forum GATT, at the behest of America. Then why these threats? One does not really understand what the logic is of trying to force the pace of these discussions under threat of retaliation, under the bilateral system".

He pointed out that the demand for opening of Insurance, which is nationalized, to foreign investment impinged on Indian sovereignty. There are other issues

on which there really were no differences at all between businessmen in the US and in India, or for that matter between the Governments of the two countries. But, it was a question of pace of change which India would have to decide, he said.

When asked about Commerce Secretary Robert Mosbacher's statement that "A disturbing trend is revival of public criticism against foreign companies in India", Mr Singhanian said that he did not know what Mosbacher was referring to. He suggested that the correspondent put that question to Mosbacher.

"All of US want change", said Singhanian, "The Americans want it to happen tomorrow but we cannot forget the realities on the ground in India. That is the principal difference between us. We are fully aware of the happenings in the world. We don't want iron curtains and bamboo curtains".

"We know that our economy cannot insulate itself from the global system. It is a question of how a country like India, which has undertaken the biggest experiment in democracy, archives that with fair play (to the weaker sections of society) under the democratic system", he said.

The Indian business delegation, now on a visit to United States, has urged US businessmen not to get bogged down by US decision to name India under Super 301 and special 301 of the US Omnibus Trade Act and to step up investment in India.

Mr Hari Shankar Singhanian told the Indo-US Joint Business Council in Washington that economic relation between Indian and US have weathered many ups and downs and urged US businessmen "to mobilize its competitive forces to penetrate into Indian market."

Mr Singhanian said "notwithstanding the existing Indian import regime, Japan and Germany have carved out a larger share of Indian imports in their favor." Why not USA? he asked.

The problem of "your negligible trade deficit with India could be tackled easily by increasing US exports to India rather than by imposing restrictions on Indian exports to USA", Mr Singhanian told US businessmen.

Mr Singhanian expressed surprise that India should have been clubbed together with countries of different economic background and of valuing importance for retaliation under Super 301 and Special 301 of the Trade Act.

At one extreme, he said "is Japan with a share of 20 percent in the US imports, at the other is India with a share of 0.7 percent." It has hurt India as a nation, the people and the authorities.

Mr Singhanian said "we are amazed that the USA, which is so sensitive to liberal political and economic concepts, should seek to enforce a patterned relationship without regard to societal requirements and developmental goals

of a democratic nation which India, indisputably is. There is also something of a national pride that cannot be dismissed.

Referring to the problems that had led to the naming of India, Mr Singhanian said "indeed there is a dialogue between business groups in India of different perceptions on the one hand and government of India on the other." But, he said it is facile to think that overnight a consensus will be reached.

Although Mr Singhanian admitted that the pace of the process of deregulation and liberalization of the Indian economy, which started a few years ago, was slow, he said a happy sign was that at the political level there was commitment to de-bureaucratize and eliminate the discretionary powers of the bureaucrats.

Mr Singhanian also referred to the Finance Minister's assurance at the round table, organized by the United Nations Center for Transnational Corporations, that the "new government is committed to removing hurdles and simplifying procedures for smooth inflow of foreign investment" and said this would be done in the light of the feedback received from the investing sectors—domestic and foreign.

He also referred to the US countervailing and anti-dumping duties and said "we have been given to understand that countervailing duties are being imposed even before completion of investigations and without giving an opportunity to Indian businessmen to present their case." "I make bold to suggest that US too, can turn the search light inward," he said.

Mr Singhanian said there were other limiting measures in USA—multiple quality inspection, high third party product liability restrictions on export of some sophisticated technologies, which should be reviewed.

He also referred to the signing of the double taxation avoidance agreement between India and USA and said he believed the treaty "will be a new watershed and mark the beginning of a fresh flow of investments from US to India's.

U.S. Unilateral Action

46001494E Madras THE HINDU
in English 5 Apr 90 p 8

[Text] The Bush Administration is attempting to make India agree to what it sees as the right norms for access to the Indian market, irrespective of the standards set by the General Agreement on Tariffs and Trade. Last may when the US Trade Representative named India and Brazil along with Japan under the Super 301 clause of the 1988 US trade law for "unfair trade practices," an immediate sense of consternation was aroused here. The inaptness of placing India in the same league as Japan—as a part of the strategy needed to alleviate the formidable U.S. trade deficit—was much too obvious to call for any detailed exposition. AS the US Trade Representative, Ms Carla Hills, admitted at a Washington press

briefing shortly after naming India somewhat of a delinquent in the area of trade controls, the objective really was to identify "large markets, potential and precedential effects that will make a difference to US exports." Between the potential of large markets which India offered to a wide variety of products and services of US origin and the reality of trade restrictions imposed to protect the larger interests of a developing economy, would it be right to drive a wedge? This is the question that the US needs to ask itself first. Super 301 that provides for retaliatory trade curbs comes in handy for new strategies in Washington in case India chooses not to yield through a process of negotiations in the matter of the removal of trade restrictions which were obstructive of US exports. Although New Delhi was unequivocal about its unwillingness to enter negotiations under Super 301, the Bush Administration, having fired the first salvo, has sought to keep the pressure on for trade liberalization.

Was the US merely attempting to extract market access or seeking to goad India along in its self-appointed mission of restructuring the GATT such that intellectual property rights, investment regulations and services all come under the multilateral umbrella of reciprocity? The National Trade Estimate Report (1990) on "Foreign trade barriers" presented by the President, Mr George Bush, to the US Congress last Saturday, is the latest re-assertion by the US of its preferred mode of imposing its unilateral version of market access on India. There is nothing in the report remotely suggestive of "the sagacity of our friends in the developed world" which the President, Mr R. Venkataraman emphasized on Monday in his address to the special session of the Portugal legislature as being the right response needed to ensure that the developing countries are not shackled in the name of trade reciprocity. The practices identified by the US as "unfair" cover the entire gamut of economic policy, defence procurement practices, import licensing procedures, export subsidies (even if they are designed as compensatory payments), FERA [Foreign Exchange Regulations Act] regulations regarding foreign investments in Indian companies and patent legislation. One need not shy away from a discussion of these issues, but the question is whether talks should be held under what seems to be a threat of unilateral action. The atmosphere has been cleared a bit with the US abandoning the Super 301 course. But Washington still needs to be reminded that its publicly stated commitment is to help the poorer countries, and not to push them into adopting courses that are likely to hinder their development.

Delhi Stand Supported

46001494F Calcutta THE STATESMAN
in English 7 Apr 90 p 6

[Text] Though the Union Finance Secretary optimistically claims that the two days of discussions in Washington conducted by the Indo-U.S. Economic and Commercial Sub-Commission "contributed to sorting out such irritants as there may be" it is clear that neither side

has budged from positions that were made amply clear before the meeting began. Admittedly, the Super 301 question did not figure in the talks, which was an important enough departure for the Americans considering the prediscussion statement by the counsel to the U.S. Trade Representative, Miss Carla Hills, which made it clear that the point would be included in the agenda. It is likely that India's immediate reaction, refusing to enter into bilateral negotiations on the Super 301 controversy "under threat of punitive action", may have persuaded the Americans to retreat. This flexibility suggests U.S. unwillingness to blow up the controversy out of all proportion at a meeting to bring official representatives of the new Indian Government face to face with their American counterparts for the first time. Even so, the meeting was not able to convey the impression of any fresh understanding on the contentious issues that plague trade relations between the two countries, suggesting that deep-rooted problems may have worsened with time. The Americans are particularly concerned that while two-way trade has touched an all-time high, the deficit suffered by them has also increased which only reinforces their contention that U.S. exports are unfairly kept out of India.

But though the meeting failed to break new ground on any aspect of bilateral trade, New Delhi can derive some satisfaction from the thought that it was made clear to the U.S. team that there would be no concessions whatever on issues such as drug patent rights on the ground that the average Indian citizen could not be asked to pay more for his medicines. In any case, the entire subject is under discussion in the Uruguay Round of GATT negotiations, and New Delhi did well to link the issue at the Washington meeting with the trade-related intellectual property rights (TRIPS) talks being held in Geneva. As far as subjects such as U.S. textile import quotas, the Multi-Fibre Arrangement, counter-veiling duties, a liberalization of Indian foreign investment rules and export subsidies are concerned, no new points were made by either side, indicating that neither country had anything new to offer by way of giving a concerted push to trade. For the time being, New Delhi does not have much to lose by adopting such a stand in view of its growing surplus in Indo-U.S. trade.

Home Ministry Report Notes 1989 Communal Riots

46001502 Calcutta *THE TELEGRAPH*
in English 6 Apr 90 p 4

[Text] New Delhi, 5 Apr—The general law and order situation in Jammu and Kashmir was under great strain last year due to increased violence by subversive elements and terrorists, according to the annual report of the home ministry for 1989-90.

Insurgent and extremist activities in some north-eastern states, the spurt in Left extremist violence in Andhra Pradesh and Bihar and increased caste and communal tension in Bihar, Uttar Pradesh, Rajasthan and

Madhya Pradesh vitiated the law and order situation in these states, causing much strain on the law enforcement machinery.

The Ram Janambhoomi-Babri Masjid controversy cast a long shadow over communal harmony during 1989 which witnessed 40 major riots in Rajasthan, Bihar, Gujarat, Uttar Pradesh, Madhya Pradesh, Karnataka, Maharashtra and Jammu and Kashmir. Bhagalpur in Bihar witnessed unprecedented communal violence for over a month starting from the shilapuja procession on 24 October.

The report says the security forces in Punjab continued to mount pressure on terrorists and raids were conducted on their hideouts. As a result, 699 terrorists were killed and 2,466 apprehended during last year. A large quantity of arms and ammunition was seized. Altogether 1,168 persons, including 152 security personnel, died in 1989 in terrorist violence.

According to the report, a close watch is being kept on the developments in Jammu and Kashmir and measures being taken to tighten security. The Governor's administration is taking all possible measures to check terrorism in the valley and to control the law and order situation.

Violence by Left-wing extremists in 1989 registered an increase of more than 11 per cent compared to 1988, with Andhra Pradesh and Bihar remaining the worst-affected. There were 801 incidents of extremist violence in the country in 1989 involving 214 deaths against 718 incidents in 1988 resulting in 185 deaths. The Telengana region-based People's War Group was responsible for the bulk of violence and its targets included public property.

The report says there was a slight decline in the activities of the NSCN [National Socialist Council of Nagaland] in Manipur but violence by the Meitei extremist organisations increased. There was not much change in the law and order situation in Nagaland, where the NSCN continued its activities.

In Assam, ULFA [United Liberation Front of Assam] stepped up its campaign of murder, looting and kidnaps, spreading panic among the non-Assamese. Incidents involving ULFA rose to 42 in 1989 against 19 in 1988 and 11 in 1987.

Former Officials Discuss Bangladesh Border Problems

46001490 Calcutta *THE STATESMAN*
in English 6, 7 Apr 90

[Articles by T.V. Rajeswar; Director of Intelligence Bureau from 1980-83 and former Governor of West Bengal]

[Part I, 6 Apr 90 pp 1, 7]

[Text] A news agency reported on April 2 that the Centre had agreed to consider a proposal to issue identity cards to Indian nationals along the India-Bangladesh border to check the illegal immigration from Bangladesh. The proposal was made by the West Bengal Chief Minister, Mr Jyoti Basu. The problem of influx, infiltration or immigration, whatever one may call it, is a serious and complicated issue and has to be carefully studied and the dimensions fully assessed before putting into effect a measure like issuing identity cards to Indian nationals on the India-Bangladesh border.

In Assam, the issue of Bangladesh nationals led to a prolonged agitation by the students and others constituting the AASU [All Assam Students' Union], and it ended in the AGP [Assam People's Council] capturing power. The problems and grievances of the AGP as well as the AASU largely remain unresolved. The Mujibur Rahman-Indira Gandhi pact and the Assam accord entered into by the Rajiv Gandhi Government with the AASU leadership determine the status of Bangladesh nationals in Assam.

The problem of post-1971 entrants remains, and the chorus of grievances against the Centre for its alleged tardy implementation of the accord has quietened only because the AGP is presently a constituent of the National Front Government at the Centre. To this day, the exact figure of Bangladeshi immigrants in Assam is not known, and the 1981 Census did not extend to Assam.

The basket case of Asia, as Henry Kissinger described Bangladesh, pours out in thousands its teeming millions all over the subcontinent, not to speak of West Asia and elsewhere abroad. They have sneaked into some of the remotest parts of Arunachal Pradesh, the Inner Line permit system notwithstanding. The Inner Line permit is a must even for Indian nationals entering Arunachal Pradesh. But the Bangladeshis have managed to seep through to offer their services for cultivating forest lands cleared by the local tribals. The tribals find that without adequate help from cheap labour from outside they are not in a position to cultivate their land in their difficult environment.

The Arunachal tribals would rather prefer the Bangladeshi farm labour than the Chakma tribals from the Tripura-Bangladesh border, some of whom have been settled there, for the simple reason that while the Chakmas have come to stay, the Bangladeshis can always be sent away by invoking the Inner Line restrictions.

The Bangladeshis have been spread out all over India. In Punjab and Haryana, they are indispensable as farm labour during the harvest season. They are used as expendable couriers both by the Punjab terrorists and the Pakistani Rangers. There is a Bangladeshi colony in the Trans-Jamuna area in Delhi. Indeed, next to the Nepalese it is the Bangladeshis you will come across all over India.

However, it is in the neighbouring states of Assam, Tripura, West Bengal and Bihar that the impact of Bangladesh immigration is overwhelming. In Tripura, the demographic picture has undergone a total change after partition, with a predominantly tribal territory being overwhelmed by the influx of plainsmen. We can only hope that the massacre of non-tribals in Assam in June, 1980 is a thing of the past. In Bihar, some of the north-eastern tracts adjoining West Bengal, particularly the Purnea district, has a sizeable presence of Bangladeshis.

The narrow neck of Indian territory in the Kishanganj sector is a favourite infiltration route for Bangladeshis via West Dinajpur, especially for the non-Bengali speaking infiltrants.

It would not be an exaggeration to say that the problem of Bangladeshi influx in West Bengal is indeed very serious. Soon after I moved to Calcutta in March 1989, I had discussed the matter with the Chief Secretary of West Bengal, Mr T.C. Dutt, and the Home Secretary, Mr N. Krishnamurthy, as well as the Inspector-General, Police, of the Border Security Force, Mr Sankar Sen, who is in charge of the West Bengal-Bangladesh border check posts.

As per the 1981 Census, while the Muslim population in West Bengal constituted 21.51 percent, it accounted for a percentage ranging from 31 in Birbhum district to 69 in Murshidabad district. The districts of West Dinajpur, Malda and the North and South 24-Parganas accounted for figures ranging between these two percentages. What the current figures are cannot be said with any accuracy, but it can safely be assumed that a serious demographic change has taken place in these districts, largely due to the continuous influx of Bangladeshi migrants.

The West Bengal Government had taken up with the Centre the question of strengthening the Mobile Task Force, manned by the West Bengal police and deployed in the border districts, and also for introducing an effective system for regulating movement across the West Bengal-Bangladesh border.

The Minister in the Home Ministry, Mr P. Chidambaram, visited the border area early in 1989. This was followed by certain steps like increasing the BSF [Border Security Force] force on the border and building a jeepable road all along the border, the work for which had since begun in some areas.

I had extensively toured the border districts of West Dinajpur, Malda, Cooch Behar and Jalpaiguri in May 1989, visited the border check-posts in all these districts and discussed the problem with the State police as well as BSF officers. I had also discussed the subject at the meetings convened by the sabhapatis and sabhadipatis representing the panchayat hierarchy. The Mobile Task Force [MTF] in the border districts consists of a dozen police officers and men in each district, specifically assigned to locate the infiltrants, while the check-posts are manned by the BSF.

The method adopted by the MTF to detect the infiltrants, is to occasionally visit the various "haats"—weekly markets in the villages—and identify them through questioning. Once identified, they are pushed back into Bangladesh after following the requisite legal procedure.

The touts, who are well known in the border towns, both for organizing infiltration and smuggling across the border, are seldom dealt with effectively as it would have to be done after a cumbersome legal procedure involving registration of substantive criminal cases.

It would have been more effective if action under the National Security Act [NSA] had been taken, but the State Government has, as a matter of principle, refused to resort to action under NSA.

[Part II, 7 Apr 90 pp 1, 7]

[Text] A visit to the West Bengal-Bangladesh border is an eyeopener. Take the border near Dinhata, the sub-divisional headquarters town of Cooch Behar district. Bangladeshi President Ershad hails from this place. The entire country is green with fields and there are a couple of rice mills in and around Dinhata. The border runs criss-cross across the paddy fields, identified only by the little red flags put up by the BSF at various points. A battalion headquarters of BSF is located near Dinhata and the steps taken by a newly posted battalion commander to effectively check smuggling brought forth a series of complaints of alleged harassment.

A delegation also came to see me during my visit there. But the fact remains that the Dinhata sector is notorious for smuggling rice across into Bangladesh. As is well known, rice commands a much higher price just across the border. One of the reasons for the perennial problem of inadequate food procurement in West Bengal is the large-scale smuggling of rice into Bangladesh, and the West Bengal State Government has been trying to grapple with the problem to the extent possible.

The trans-border traffic in the North Bengal districts is a common event. Bangladeshi farm labour is regularly requisitioned both during the sowing and the harvest seasons. Bangladesh rickshaw pullers come to Malda and some other towns regularly for plying hired rickshaws. Some students from the neighbouring villages of Bangladesh are known to crossing over to study in the schools within West Bengal's limits. This traffic is constant and regular and could never be effectively stopped.

The trouble arises when the trans-border movement results in infiltration leading to settling down in the interior areas and their acquiring the vestiges of Indian citizenship, such as ration cards, and figuring in the voters list. The Bangladeshis in the border districts of West Bengal have settled down in many interior villages. One can also find them on government land and more particularly on the fringes of roads and highways and railway lines, with their little bamboo huts and in some cases, pucca houses.

Calcutta city and its neighbouring areas, which would encompass large areas of North and South 24-Parganas are the most affected by the endless influx. Some of the slums consist entirely of Bangladeshi immigrants. The crowding of markets and bazars, the encroachments on all roads, the parallel bazars on the pavements in the various business areas are all the result of the Bangladeshi influx since Partition.

Calcutta city can never be reborn as Shanghai has been, since the problem of slums, which account for about 30 per cent of the population of Greater Calcutta, and the encroachments cannot be solved in the foreseeable future.

But what are the dimensions of the problem of the Bangladeshi influx in West Bengal? Are there any reliable figures? According to the State Government, about 28 lakh Bangladeshi nationals entered West Bengal between 1971 and 1988, of whom over five lakhs had stayed back. The pre-1972 influx is apparently covered by the Mujibur Rahman-Indira Gandhi pact. The figures for 1988 and 1989 are not known.

However, according to the BSF authorities, the Bangladeshi infiltrants apprehended, both by the BSF and the State police, constituted only about 20 percent of the actual number who managed to infiltrate into West Bengal. You may do the corresponding calculations for what they are worth.

It should be remembered, however, that in West Bengal, the influx of Bangladeshis also consists of a sizable number of Hindus. After Bangladesh proclaimed Islam as the state religion, the ratio of Hindu infiltration increased somewhat. There is hardly a family in West Bengal, and particularly in Calcutta, which does not have links with a Bangladeshi village. Some of the leading intellectuals and educationists had studied in Dhaka University. There is understandable sympathy for the Bangladeshi kith and kin coming over to settle down and seldom are the rules and regulations governing the trans-border movement and immigration bothered about.

The problem has now begun to assume disturbing political overtones. Mr D.N. Chakraborty, president of the State unit of the Vishwa Hindu Parishad, addressed a Press conference in Calcutta on April 20, 1989 when he alleged that more than five million people from Bangladesh had infiltrated into West Bengal since 1971, and that neither the Government nor the political parties had given any attention to the problem. After the recent parliamentary elections and assumption of office at the Centre by the National Front, the BJP has taken a keen interest in the matter.

Mr Murli Manohar Joshi, general secretary of the BJP [Bharatiya Janata Party], had visited Calcutta in December 1989 and alleged, while addressing a public meeting, "backdoor patronage of backdoor infiltration by the Jyoti Basu government." The executive committee of the State unit of the BJP adopted a resolution demanding that "the Hindu and Chakma refugees" from

Bangladesh should be granted citizenship while the "Muslim Bangladeshi intruders" should not be given shelter.

The lesson of Assam is before us and the Bangladeshi infiltration could become an emotional and political issue. West Bengal has been more or less totally free from communal violence and it is the responsibility of all concerned to ensure that this atmosphere is not vitiated by the Bangladeshi influx issue.

It is therefore all the more necessary, both for the Centre and the State Governments to take certain decisive and early steps to rectify the situation. However, any such steps could be thought of only after ascertaining the dimensions of the problem. Principally, there will have to be a census to identify the exact number of Bangladeshis in West Bengal, not to speak of other neighbouring States like Bihar.

This step was discussed by me with the State Government some months back and it was realized that this could not be undertaken before the parliamentary elections were over. Now that the elections are behind us, and the census process has also been set in motion, the time is ripe for taking this basic step.

It is not difficult to come to grips with this problem and ascertain the exact figure of Bangladeshi immigrants after 1971, provided the State administration and the panchayats fully cooperate with the Central agencies. Thereafter and only thereafter, could identity cards be issued to genuine Indian nationals living in the border districts. This will, in turn, throw up the major problem of identified Bangladeshi infiltrants and their future. This will call for statesmanship and understanding between India and Bangladesh.

India's Sri Lanka Policy Discussed

90AS0029A New Delhi DINMAN TIMES
in Hindi 18-24 Mar 90 p 10

[Article by Aditi Phadnis: "Last Indian Outpost in Sri Lanka"]

[Text] Recently, a brief news item was published on the last page of a national daily. Nobody paid any particular attention to the news reported from Colombo. In the report, it was mentioned that during the forthcoming weeks two Pakistani warships were heading towards Sri Lanka. One of the warships might have already reached either Colombo or Trincomalee, nothing could be said definitely about the location; however, it was to arrive there sometime this very month.

This news is important from two viewpoints. First, that no reaction was expressed from any official sources on behalf of either Sri Lanka, India, or Pakistan except by non-official Congress (I) spokesman M. J. Akbar who, by virtue of being a professional journalist, sensed the significance of this news. Second, that this news has come at a time when the Indian peace-keeping forces are

being withdrawn from Trincomalee, and among the reports that the proposed talks of a peace and friendship treaty between India and Sri Lanka have been cut off.

It will not be an exaggeration to say that Trincomalee is among the reasons why India is so eager to sign a friendship treaty with Sri Lanka and wants to make the earlier correspondence between the former Sri Lankan president, Jayawardene, and the former Indian prime minister, Rajiv Gandhi, a basis for establishing a formal relationship between the two countries. Trincomalee is included in two of the four assurances that India wants from Sri Lanka in exchange for safeguards to the latter's diplomatic interests.

In those letters, India wanted Sri Lanka to promise that it would not permit any third country to use Trincomalee for military purposes, thus damaging Indian interests. As for the construction and control of the Trincomalee oil tank farms, India and Sri Lanka should it jointly. [as published]

The history of Trincomalee is closely connected to its geographic situation. It represents the politics of Sri Lanka as well as the complexities of all the racial problems influencing the Indian policy towards the north-east states of Sri Lanka.

In south Asia, Trincomalee is the best natural port. From here the Portuguese proceeded to occupy Jaffna in 1619. The Dutch arrived here in 1658, and then the British, the last of the western colonizers, also first entered this port and wrested this region from them.

Sri Lanka gained independence in 1948 from the British. From then on, Trincomalee became a center of attraction for everyone. It also became the prime target of attacks from time to time, badly harassing its citizens. During this period, this region also had to face cultural upheavals of an opposing nature. Because of this, when state councils were formed, in view of its role in the natural setting of this region, Trincomalee was made the capital of the north-east states.

At the same time, because of being the center of the government, Trincomalee had to bear the burden of lots of responsibilities. It became clear that it would have to associate itself with the problems of the three main communities of this region who inhabited it for years. In Trincomalee, the Tamils, the Sinhalese, and the Moslems each form about 33 percent of its population. There is a separate story about how this happened.

The biggest point for the Tamil agitators is colonization. The Tamils complain that under a particular project more and more Sinhalese have slowly been inhabiting this region so that their rights can be established above the original Tamil population, even before a demand for Tamil Eelam could be placed. This was, thus, designed to make the Tamil attempts to unite fail.

This is why it is no surprise that while the Sinhalese population was just nominal in 1920, in this region, by

1981 their number increased to 33 percent of the total. In the 1977 elections, two of the three representative seats for parliament from Trincomalee were captured by the United National Party. One seat went to the Sri Lanka Freedom Party. The Tamil United Liberation Front was totally eliminated in that election.

In the elections for the state council in 1988 neither of the big Sinhalese parties took any part, consequently, the Eelam Peoples Revolutionary Liberation Front (EPRLF) and the Sri Lanka Muslim Congress won the maximum seats. The Sri Lanka Muslim Congress captured many more seats in proportion to the Muslim population in the area. This is only an indication of the complexities of the communal politics of Trincomalee. Now, when a rumour about the exit of the state government led by the EPRLF is widespread, the turn the communal politics of Trincomalee will take has become a matter of curiosity for everyone. But, a recently inaugurated mutual relationship between the Liberation Tigers of Tamil Eelam and the United National Party may give birth to a Janata Dal-Bhartiya Janata Party [BJP] type of union in Trincomalee. In that situation the basic question will be in regard to the reactions of the Muslims.

However, this is only one aspect of the Trincomalee related politics. In this connection, India has another anxiety. India wants to see this area as a port, and not as a place of relaxation and merrymaking for the U.S. Navy warships. This proposal was placed before Jayawardene in the 80's, but it was just put aside.

India's second anxiety concerns the Trincomalee oil-tank farm that is directly associated with Indian military and diplomatic interests. In the beginning of the 80's, the United States-influenced multinational company Coastal Corporation made a proposal to make use of those oil tankers by taking them on a lease that were not used by Trincomalee. In the event of the British leaving Trincomalee and setting up their military base in the Maldives, the United States proposed to the Jayawardene government that, in lieu of their allowing the United States to use the tankers abandoned by the British, they would construct a large oil terminal on seven hundred acres for them in the Gulf of China.

However, in 1982 the proposal fell flat because it came into light that the Coastal Corporation was under a supply contract with the American Government and that the American Government wanted some of the storing tankers on lease for the use of their navy.

The Jayawardene government had invited global tenders for resuming use of those oil tankers. India was especially interested in getting the contract. Its tender was also the lowest. The contract should, therefore, have been given to India. But the idea was intentionally dropped. Due to this, India later started emphasizing upon joint development of the oil tankers with Sri Lanka. The Sri Lankan government, however, knowingly ignored even this proposal.

This proposition was the main topic in the peace treaty between India and Sri Lanka. The peace proposal has now been dropped. Even more so, in 1982 the Jayawardene government removed the restrictions imposed on the foreign tankers by the United Front government calling at Trincomalli. These restrictions have not yet been restored.

In view of all this the significance of Trincomalee, which is locally known as Thirukonamallai after the name of a hill, may be appreciated. The historic fortress of Frederick, erected by the Dutch, is still there standing guard over the sublimity of the fog-covered city.

National Integration Council Meets in New Delhi

Kashmir, Punjab Discussed

46001486A Madras THE HINDU
in English 12 Apr 90 p 1

[Text] New Delhi, April 11—The National Integration Council (NIC), which met here today against the backdrop of the grave situation in Kashmir and Punjab and the growing communalisation of politics, unanimously resolved to meet the challenges facing the country's unity, integrity and secular democratic policy in a "united and determined manner."

All the political parties in the country, the Chief Ministers of States and eminent people from various walks of life participated in the meeting which continued till late evening. Punjab was well represented with Mr. Simranjit Singh Mann, Mr. P.S. Badal and Mr. S.S. Barnala participating.

Panel set up: While expressing grave concern over the escalation of violence in Kashmir and Punjab and the increase in communal tension in the country, the Council decided to set up a committee to recommend a plan of action to counter effectively this menace. It was felt that all forces should be mobilised to meet this challenge. On the Ram Janmabhoomi-Babri Masjid issue, the Council appealed to all to exercise utmost restraint.

The dominant mood was that the time for speech-making was over and the Government should come out with an action plan to tackle the problems that were threatening to tear the country apart.

The meeting was dominated by references to the happenings in Kashmir, the continued killings in Punjab and the resurgence of Muslim and Hindu fundamentalism, especially in the context of the Ram Janmabhoomi-Babri Masjid controversy. Some Bharatiya Janata Party [BJP] leaders, Mr. Bhairon Singh Shekhawat particularly, blamed the Government for its soft policy towards Bangladeshis and Pakistanis who have been taking refuge in India and virtually enjoying dual citizenship.

Warning against barriers: The Janata Dal leader, Mr. Chandra Shekhar said rather bluntly that instead of

blaming Pakistan for all our ills, "we should try and understand why the youth in Punjab and Kashmir are looking towards Pakistan." He also warned against building barriers at a time when the world was changing and in fact even the Berlin Wall had been pulled down. He said that on fundamental issues there should be absolutely no compromise. Referring to the Ram Janmabhoomi dispute, Mr. Shekhar said categorically that we should respect and preserve the Babri Masjid because it was part of our cultural heritage. It has been standing there for 500 years, and could not be allowed to be pulled down.

Quoting a Hindi couplet, he also added that God was not to be found in masjids and temples, but in the hunger and thirst of the poorest people. While he agreed that a temple for Lord Rama should be built, he felt that it would be insulting to do so by pulling down a mosque. There was applause for him when he said that no one had the right to demand proof of loyalty to the country from Muslims or other minorities.

At the same time, he gave some advice to Mr. Simranjit Singh Mann, suggesting that if he expected respect for certain traditions of Sikh temples, he should also extend that respect to Parliament and show some understanding of certain traditions.

Mr. L.K. Advani, president of the BJP, objected to the Congress(I) leader, Mr. Rajiv Gandhi's remarks that some of the members present did not have respect for the country's composite culture. He took note of remarks that the Ram Janmabhoomi dispute was the cause of many riots, but pointed out that the country had witnessed many an ugly communal confrontation before the Ayodhya dispute came into focus. He suggested strong action against any person found guilty of participating in a communal riot.

Earlier, many speakers, including Mr. Chandra Shekhar, also felt concerned about the possibility of a war (with Pakistan) and said that India should not be consciously moving in that direction.

V. P. Singh, Other Speeches

46001486B Madras THE HINDU
in English 12 Apr 90 p 7

[Text] New Delhi, April 11—The Prime Minister, Mr. V.P. Singh, today reiterated his Government's resolve to deal firmly with the subversives and secessionists who are bent upon wrecking the unity of the country. He asserted that unity and integrity would be preserved at all cost.

"While the Government has shown understanding in dealing with the genuine problems of the people, it will not compromise with anti-national elements bent upon wrecking the unity of our country," Mr Singh said here today while addressing the first meeting of the reconstituted National Integration Council. Mr. Singh stressed

the Government's commitment to the process of national reconciliation to evolve a consensus to solve the numerous problems.

Referring to the situation in Kashmir and Punjab, the Prime Minister asserted that the Government would do its utmost to protect the people from acts of terrorism and violence and recalled the various initiatives taken to revolve the problems. He explained that the Government did not favour continuing with the curfew indefinitely but such measures had become necessary to ensure the safety of life and property of the people in the valley.

He said that while the country was preoccupied with the daily events in Punjab and Kashmir, disquieting developments were taking place in the North-East, especially Assam. Violence had been escalating and a large section of people were living in fear he said and hoped that the State Government would take effective steps to contain the problem at this stage itself.

About the Ram Janambhoomi-Babri Masjid issue, Mr. Singh said that the Vishwa Hindu Parishad had postponed by four months its programme to construct a temple at the disputed site. Recalling that Hindus and Muslims in the country had always lived together in a spirit of brotherhood and cooperation, the Prime Minister said that there was no reason why the misunderstanding which had arisen over the issue could not be cleared.

According to Mr. Singh, preserving the unity and integrity of the country was essential for the progress and prosperity of the people and for the well-being of the generations to come. This was a task which required concerted, dedicated, sustained and united efforts. He felt that more serious thought would have to be given to isolate the issues which threatened unity.

Guidelines being reviewed: The guidelines for prevention of communal violence and promoting communal harmony were being reviewed to impart a new sense of urgency and direction to the States to effectively discharge their constitutional and legal responsibilities for protecting the life and property of citizens irrespective of caste and creed.

To conclude, Mr. Singh said that any threat to unity required a multi-faceted response. "There is, of course, the response which is connected with the use of force, but there has also got to be an intellectual and an emotional response—an intellectual response to study and solve problems and emotional response to draw closer together in the face of danger, to provide solace to each other, to strengthen each other's hands in fighting those who seek to weaken us," he added.

The Union Home Minister, Mufti Mohammed Sayeed, referring to the recent communal violence, said that of late there had been a build-up of emotions on communal lines and a number of communal organisations had sprung up which, by playing upon peoples' emotions and

exploiting narrow and sectarian considerations, had widened the communal divide and vitiated national life.

He said that the sweep of the multifaceted challenges beckoned all to rise above partisan considerations and deliberate upon them in a comprehensive manner. He also referred to the measures taken by the Government for promoting national integration on the basis of the recommendations of the Council and said that the Government's effort alone was not enough to deal with the problem. "The task of promoting national integration can be accomplished on the basis of shared responsibilities."

Minorities get due in TN [Tamil Nadu]: Representing the Tamil Nadu Chief Minister at the meet, Mr. N.K. Manoharan, the State Revenue Minister, said if the country was attacked by outside forces, 'our Government, party and people, forgetting all differences (social, political, economic and psychological) will be at your disposal, no matter what the cost.'

Tamil Nadu did not have a serious problem of communal disharmony, Mr. Manoharan noted. He said that in recruiting police personnel, candidates belonging to minorities were given due consideration in the State. They were represented in the police on the basis of population average.

The Karnataka Chief Minister, Mr. Veerendra Patil, suggested a code of conduct for political parties. No political parties, he suggested, should be allowed to sponsor or encourage any movement which will create tensions between communities, linguistic groups or regions.

A readily identifiable reason for communal tensions or secessionist movements was the failure to create among all sections of the country's multi-religious, multi-lingual and multi-racial population the sense of brotherhood and equality, Mr. Patil said.

Compulsory military training mooted: The Telugu Desam leader, Mr. N.T. Rama Rao, threw up for consideration imparting of compulsory military training to every student and citizen so that the nation may be in a state of perpetual preparedness to fight aggression. He appealed to the Prime Minister, to strengthen the frontiers whether in Rajasthan or Gujarat, Assam or West Bengal, Punjab or Jammu and Kashmir.

Mr. Rama Rao also called for holding elections early in Punjab so that people may have a say in the democratic process.

Steps for Punjab Polls in 6 Months

UNI, PTI report:

The Centre with the help of various political parties will do its best to create conditions for holding free and fair elections in Punjab within six months, the Prime Minister said. Speaking at length on the Punjab problem, he

said the all-party meetings had helped clear the atmosphere towards finding a solution to the problem.

The Tamil Nadu Government is considering a proposal to enhance the compensation paid to victims of communal riots, the Revenue Minister, Mr. Manoharan told the meeting.

Bharatiya Janata National Executive Meets in Calcutta

Advani Opens Meeting

46001491A Calcutta THE STATESMAN
in English 7 Apr 90 pp 1, 7

[Text] The Bharatiya Janata Party [BJP] will not allow the situation in Kashmir to worsen, Mr L. K. Advani, president of the party, said in Calcutta on Friday while inaugurating its national executive meeting. The limitations of running a Government on the basis of consensus must not be allowed to become "an excuse for inaction", he said.

Earlier, during a ceremony near the statue of Shyama Prasad Mookerjee's statue in the Maidan, Mr Advani said that "no power can separate Kashmir from India". The BJP would ensure that Article 370 was scrapped and the constitution of Kashmir made a part of the Indian Constitution, he added.

The BJP national executive meeting decided to adopt a resolution on Kashmir in the course of the next two days. On the first day, Mr Kedar Nath Sahani, all-India general secretary of the party and its Kashmir expert, placed a report where he said that the primary task of the Government was to assert its authority in the valley. Different wings of the administration, including the police, must be screened of all anti-national elements, he said.

Mr Advani said that during the first four months of its rule, the National Front Government had moved cautiously, consulting not only the BJP and the Leftists, but the Congress (I) as well, on important issues. "This is the right thing to do. But politics of consensus has its limitations, which must be understood". Kashmir, Punjab and Assam were test cases for the National Front, he felt.

Dwelling on the future strategy of the BJP, Mr Advani said that the party must adopt a four-pronged approach. The BJP Governments in Madhya Pradesh, Himachal Pradesh and Rajasthan must function in an exemplary manner to enhance the reputation of the party throughout the country. At the Center, the BJP must extend critical support to the National Front Government. In other State, the party must play the role of a "watchdog". Activities at the grassroots level must continue, to expand the base of the party both geographically and socially. An effort must be made to move "eastwards and southwards", according to the party president.

Garlanding S. P. Mookerjee's statue, Mr Advani said that the question in 1951-'52, when the Bharatiya Jan Sangh was formed, was whether Kashmir would be integrated into the Indian union or not. Now, after 10 years of the formation of the BJP, the question was if Kashmir would remain a part of India. Criticizing Nehru, he said that after Independence, Sardar Patel had tackled the problem of 529 princely states joining India. "These kingdoms were fully integrated into the country". Nehru decided to personally persuade the king of Kashmir to join India. "The result has been continuous problems in Kashmir, ever since Independence".

But for Shyama Prasad Mookerjee, Kashmir would have been separated from the country much earlier, Mr Advani felt. Although it was an integral part of India, it had a separate constitution. This was at the root of the problem, for it had given the Kashmiris a sense of a separate identity.

Talking to reporters about the situation in the valley, Mr Kedar Nath Sahani said that both the Center and the State Government were "callous" about the plight of the refugees who had fled from the valley and taken shelter in Jammu. He said Kashmir was in a state of "undeclared war" and there was no scope for a "political initiative" now. The Government must make its presence felt and send "appropriate signals" to "the enemies outside India" as well as the militants in the valley that it means business.

Mr Sahani said that the Governor, Mr Jagmohan, must be given maximum support. Any talk of calling him back would worsen the situation in the valley. He thought the steps taken by Mr Jagmohan had improved the situation slightly; now there was a "semblance of a Government" in the State.

Briefing reporters on the proceedings of the day's meeting, Mr J. P. Mathur, the BJP secretary, said resolutions would also be adopted on the present political situation in the country and the Union Budget for 1990-'91. The programme for holding the party election would also be discussed and a strategy for striking a deeper root in the eastern and southern States would be chalked out.

Mr Mathur said that the West Bengal unit of the BJP had prepared a report on the condition of refugees coming into the State from Bangladesh. This would be placed at the meeting. During the day, the Bangladesh Utvastu Kalyan Parishad submitted a memorandum to Mr Advani stating that the Bangladeshi refugees looked to the BJP as the only national party concerned about their welfare. They were being forced to live under sub-human conditions, by the side of railway tracks, roads and canals. Different political parties were using the refugees for personal gains.

The national executive meeting, which is being held at the Maharashtra Niwas in south Calcutta, started late as Mr Atal Behari Vajpayee's train from Delhi was delayed. Mr Vajpayee missed the garlanding ceremony. There

was some confusion at the start of the meeting as reporters, who had been invited earlier to cover the inaugural session, were finally prevented from going to the venue of the meeting.

Apart from Mr Advani and Mr Vajpayee, other important leaders who attended the meeting included Rajmata Vijaya Raje Scindia, Mr Murali Manohar Joshi and Mr Sikandar Bakht. The Chief Minister of Madhya Pradesh, Mr Sunderlal Patwa, Chief Minister of Rajasthan, Mr B. S. Sekhawat, and the Chief Minister of Himachal Pradesh, Mr Shanta Kumar, were also present. A total of 80 executive committee members, permanent invitees and special invitees attended the first day's session. The meeting will continue for three days.

7 Apr Meeting, Resolution

46001491B Madras THE HINDU
in English 8 Apr 90 p 2

[Text] Calcutta, Apr 7. The national executive of the Bharatiya Janata Party [BJP] said today that both Pakistan and the secessionists in Kashmir should be firmly told that India was ready to pay any price to defend "the nation's unity, integrity and security." A resolution passed by the national executive at its meeting held here today expressed the party's concern over sending "wrong signals" to Pakistan and the militants in the valley and reiterated its demand for abrogation of Article 370 of the Constitution which had alienated Kashmiris from the mainstream and encouraged separatism in the valley.

The special status provided to Kashmir under the Article had deprived the people in the State the benefits of Indian Constitution, the judiciary and the election machinery. At the same time, Article 370 had benefited only the inept and corrupt regimes which were installed in power in the State during the last four decades, the resolution pointed out.

The resolution warned that any attempts to widen and strengthen the scope of Article 370 to tackle the problems in other States would be fraught with dangerous consequences for the nation's integrity. Such moves should be opposed "tooth and nail", it warned.

Disenchanted: Expressing its disenchantment over the handling of the Kashmir problem by the National Front Government at the Center, the resolution called attention to the plight of Kashmiris, both Hindus and Sikhs, who had been forced to leave their home and hearth due to growing violence in the valley and regretted the callous treatment meted out to them by the Government. The exodus included Muslims as well.

The party demanded firm action to restore normal conditions so that these unfortunate people could return to their homes. But the Government pretends as if the problem did not exist. Such "callousness is unworthy of any Government," it noted.

Since Pakistan has opted to fight a clandestine war on Indian territory by helping the militants, it should be

warned that unless it stopped aiding the terrorists. India would exercise its options to safeguard its territorial integrity by knocking out the training camps and transit routes of terrorists as a "defensive measure." In any case, the Pakistani-occupied Kashmir legally belonged to India, the resolution pointed out.

The resolution expressed BJP's sympathy to the Kashmiri people who had been forced to leave their homes and occupation and congratulated the people in Jammu for maintaining communal harmony in the face of grave provocations.

'Save Kashmir-save Bharat': Briefing presspersons on the deliberations of the national executive committee's meeting, the party general secretary, Mr Murli Manohar Joshi, said the party would observe April 20 to 27 as "Save Kashmir-Save Bharat" week culminating in a rally in front of the Parliament House on April 30.

A relief fund will be collected to provide help and succor to the refugees from the valley.

The national executive also decided to launch a membership drive with June 30 as the cut-off date for this year's organizational elections of the party.

Party polls: At the State-level, elections for the party units would be completed by October this year. After June 30, elections would begin from the level of local committees and the process to elect mandal, district and State-level committees throughout the country shall be completed by October this year.

The election of the members of the National Council would also be held along with the elections of the State president. The schedule for the election of the next president of the party at the apex level would be announced in November after State presidents and members of the National Council are elected.

Addressing an impressive rally of the party held at the Brigade Parade ground here, the former BJP president, Mr A. B. Vajpayee, said Pakistan's evil designs to alter the map of India would be thwarted and warned Pakistan that its adventurous course would prove expensive if India decided to take retaliatory measures in Sind and elsewhere.

He regretted that Pakistan had not learnt its lessons from the 1965 and 1971 wars it had with this country. However, India was for a peaceful resolution of its disputes with that country. This should not be mistaken for a sign of weakness, he added.

Team for Assam: Referring to the growing violence on innocent people perpetrated by militants, Mr Vajpayee said his party would soon send a delegation to Assam for an on the spot appraisal of the situation prevailing there. He reaffirmed his party's determination to fight divisive forces in Punjab and Assam.

The fairly well-attended rally was aimed at demonstrating the party's determination to make its political presence felt in the Left Front-ruled West Bengal.

PTI, UN report:

As an immediate measure, the BJP called upon the Government to seal the border, take proper care of the refugees besides, effective steps to restore law and order and prepare itself and the country for any eventuality.

As regards initiating the political process in Kashmir, the BJP executive said it could be done only when the "back of the secessionist movement" was broken. It warned that any attempt to hasten this process would only encourage terrorists and fundamentalists.

Replying to a question, Mr Joshi said that his party maintained that there were constitutional provisions for abrogation of Article 370 without convening the State Assembly.

When asked to clarify his party's stand that the political process in Kashmir could be revived only when the back of the secessionist movement was broken, Mr Joshi said "Normality should be restored first in the valley, because elections could not be held freely and fairly under gun-point and terrorism. "We want a dialogue with the people of Kashmir to help restore law and order."

'Will try to convince': Asked whether the BJP had already initiated talks with other political parties for abrogation of the Article, he said "we will try to persuade and convince them."

Replying to another question, he said there had been a change in the attitude of left parties in regard to the Jammu and Kashmir issue, after the recent visit of the all-party committee to the Kashmir valley. "In fact they have now realized the gravity of the situation," Mr Joshi said.

Mr Joshi, however, agreed that without the support of the National Front, the Congress(I) and left parties, it was not possible to scrap the Article, which, he said, was the root cause of manifold troubles in Kashmir.

Asked whether the Prime Minister would accept the BJP's demand, Mr Joshi said that the Janata Dal manifesto spoke of retention of Article 370. "We cannot force them to change what is enshrined in their manifesto: still we are putting pressure."

Advani Press Conference

46001491C Calcutta THE STATESMAN
in English 10 Apr 90 pp 1, 7

[Text] Mr L. K. Advani, BJP [Bharatiya Janata Party] president, on Monday lauded the CPI(M) [Communist Party of India-Marxist]'s central leadership for its "mature approach" to national issues like Kashmir. Talking to reporters after addressing an hour long Press conference at the Calcutta Port Trust guest house, Mr Advani said he had a "very happy experience" in dealing

with the CPI(M) leaders on the Kashmir issue and now had better understanding of that party's stand on Mr Jagmohan's appointment as the Governor of Jammu and Kashmir.

"If we had known that the CPI(M) had so much reservation against Mr Jagmohan we would not have suggested his appointment as the Governor. I must say that the CPI(M), after the recent all party delegation's visit to Srinagar, has not raised the Jagmohan issue. The Congress(I)'s immature and irresponsible role during the Srinagar visit brought us closer. The Congress(I)'s strange behavior made us realize that it was incapable of pursuing a mature and responsible role in Kashmir", Mr Advani said.

While calling the Calcutta meeting of the BJP's national executive body "extremely satisfying" Mr Advani said that he would not oblige the Congress(I) by lashing out at Mr Jyoti Basu and Mr E. M. S. Namoodiripad for their "acts of omissions and commissions" because the stability of the National Front Government depended on the support of the BJP and the Left parties. Recalling his meeting with Mr Jyoti Basu in Calcutta during the BJP's national executive body meeting, Mr Advani said "both of us exchanged notes how the National Front Government was functioning". "Indian politics since the last election has embarked on a new chapter and evolved new norms".

Mr Advani, however, said his manner and style of reexpression and that of the West Bengal BJP leaders towards the CPI(M) would be different. Emphasizing the duty of the BJP's State unit to politically counter the CPI(M), he said that no other party except the BJP had referred to the "atrocities" perpetrated by the CPI(M) on the Ananda Margis and demanded a judicial inquiry into the incidents. The BJP leader said that nothing much was needed to be done to isolate the CPI(M) and other Communist parties because they were losing ground. At one time the Communists were well represented in Parliament from all over India. But in recent years the Indian electorate had geographically marginalized them to two corners of the country.

Mr Advani said that the choice of Calcutta as the venue of the national executive body meeting was deliberate because it was aimed at demonstrating the party's resolve to strive out of its traditional areas of influence and challenge the Communists in their strongholds.

He referred to the party's success in Kerala and said that despite the polarization in that State, the BJP had been able to emerge as a political force there and had started performing creditably in West Bengal. Not only the Communists but also the Congress(I) was helping the BJP to gain ground in both the states. Failure of the Congress(I) to perform as a responsible Opposition had helped the BJP to emerge as a third force. "Now we are trying to be the second force and aspiring to be given the first force in these States", he said.

Mr Advani said that the "firm support" lent by the BJP and the Communists to the National Front Government during the last four months had allayed the popular misgivings regarding the stability of the minority Government. But the recent happenings in the Janata Dal have revived the doubts about its completing the full term. The BJP's hope was that the Janata Dal would be able to surmount its internal problems and, "I wish they do", he said.

Mr Advani was asked whether it was desirable for the BJP to support the National Front Government in Parliament and criticize it from outside without partaking any of its responsibility. "Who says we are not being blamed for the failings of this Government? People are holding us responsible for the latest price rise because of our support to this Government", he replied.

He expressed his happiness over the Government's decision to institute a CBI [Central Bureau of Investigation] inquiry into Mr Chandrasekhar's allegation of telephone tapping. He hoped that the inquiry would be thorough and the findings shared with Parliament. Tapping the telephones of political adversaries, according to Mr Advani, was an "obnoxious" practice. He claimed that telephonic conversations of not only political activists but also of the former President, Mr Zail Singh, and the former Chief Justice, Mr Chandrachud, had been tapped. "It is high time that the Indian Telegraphic Act is amended to make this kind of political eavesdropping impossible. Telephone tapping, bugging, postal censorship are legitimate weapons to curb anti-national activities and crime. But they cannot be permitted to be used as instruments to harass or suppress political opponents", he said.

Announcing the setting up of an 11-member study group headed by two senior leaders of the party—Mr Sunder Singh Bhandari and Mr Murli Monohar Joshi—which would analyze the recent Lok Sabha and Assembly elections and draw up a perspective plan of action for the BJP for the next five years, he said the plan will be ready by the next meeting of the party's national executive to be held in Madras from July 6 to 8.

In a note submitted to the national executive of the party, Mr Sukumar Banerjee, president of the State unit of the BJP, has referred to the deteriorating law and order situation in West Bengal. He has cited instances where the police had either remained passive or had helped the CPI(M) "toughs" in their bullying tactics and harassment of the political opponents. The report also mentions the cases where the CPI(M) cadres assaulted BJP and other non-CPI(M) workers including other Left Front parties.

On the issue of infiltration from Bangladesh, Mr Banerjee has said that a large number of infiltrators has settled in Cooch Behar, Jalpaiguri and Murshidabad districts and have started cultivation in these areas. They

have indulge in smuggling and abducting women. Thousands of refugees from erstwhile East Pakistan are yet to be properly rehabilitated.

On the question of Calcutta's uplift, Mr Banerjee has suggested the setting up of an autonomous body to deal with the pressing problems of the city. The Central and the State Governments would provide funds for the purpose. For a balanced distribution of the city's population a few important towns near Calcutta should be developed.

Bharatiya Janata Seeks Influence in South, Northeast

46001482 Madras *THE HINDU*
in English 14 Apr 90 p 7

[Text] Agartala, April 13—Following its spectacular success in the northern Hindi belt in both the Lok Sabha and State Assembly elections, the BJP [Bharatiya Janata Party] is now extending its sphere of influence in south and north-east India.

In pursuance of this strategy, the BJP has embarked on an extensive organisational activity in Assam, Manipur, Tripura and other north-eastern States. The Vishwa Hindu Parishad is equally active in this region.

The BJP seems to have given more importance to accelerate its activities in Tripura. Mr. Bangshi Lal Soni and Mr. Ram Singh Thakur of the BJP Krishak Front visited Tripura to intensify and coordinate party activities.

Mr. H.V. Sheshadri, RSS general secretary, and Mr. Ramachandra Piyasi of the RSS [Rashtriya Swayamsewak Sangh] also came to Tripura to consolidate the activities of the RSS in the areas already active. Dr. Kunesh Chakraborty visited Tripura, addressed a meeting of the workers and exhorted them to work hard to strengthen the Hindu community.

Strategy: The trained RSS cadres have been working in various fields here to bring about national rejuvenation and social transformation. They have been concentrating specially in areas where the challenge to national security and integrity is more serious. With a view to carrying out the message of unity to the common people, service projects like hostels for tribal boys, medical care centres, and Bala Sanskar Kendras have since been started in the tribal area in the north-eastern States.

The Vishwa Hindu Parishad has set up 13 hotels, 35 schools including two residential schools, 24 medical centres, three vocational training centres, three temples and 10 balwadi centres to cater to the needs of the poor and illiterate tribals. More such voluntary organisations are being pressed into action to make the BJP, RSS and Vishwa Hindu Parishad [VHP] popular to the people. The "Kalyan Ashram, set up to educate the tribal students at Taidu, a remote tribal hamlet in Tripura is functioning satisfactorily. All the needs of the 70 tribal

boys are met by the Ashram. The VHP is active specially in the border areas of Kailashshar, Sonamura subdivision.

Sensitive issues: Indications available from the public speeches and discussions with BJP and RSS leaders seem to suggest that they are giving sufficient stress to sensitive issues in the political area. The systematic conversion of tribals by Christian missionaries financed and backed by foreign agencies will be opposed and they may seek a ban on such conversions. Secondly, the menace of Bangladeshi infiltration will be highlighted and a movement launched to stop it in the interests of the local people and the State economy. The demand for introducing inner line permit in tribal areas and autonomous district council (ADC) areas initiated by the TUJS [Tripura Upajati Juba Samiti] and subsequently supported by the CPI(M) [Communist Party of India-Marxist] will be opposed by them tooth and nail. These political slogans are likely to figure prominently in their campaign.

Optimistic: The BJP appears to be very optimistic about its speedy expansion here as the activities so far conducted are very encouraging. It also feels that the Congress(I) is on the decline here. The CPI(M) also has alienated a vast majority of the Bengali supporters.

Progressive Democratic Chief Minister in Goa

46001481 Bombay *THE TIMES OF INDIA*
in English 15 Apr 90 p 1

[Excerpts] Panaji, April 14—The Progressive Democratic Front [PDF]'s original choice for chief minister-ship, Dr Luis Proto Barbosa, was today sworn in to head the government. Also inducted were 11 ministers, including nine of cabinet rank.

The surprise inclusion in the cabinet is the former chief minister, Mrs Shashikala Kadodkar. Mr Churchill Alemao, who was sworn-in as interim chief minister when the PDF government took office on March 27, relinquished office yesterday. He also figured in the cabinet.

Mr Alemao's team, including Mr Ramakant Khalap, deputy chief minister, Mr Ravi Naik, Dr Kashinath Jhalmi, Mr J.B. Gonsalves, Mr Ashok Naik Salgaocar, Mr Mauvin Godinho, Mr Somnath Zuarkar, Mr Ratnakar Chopdekar and Mr Luis Alex Cardozo, was administered the oath of office again.

The inclusion of two more ministers would lead to a reshuffle of portfolios which was expected to be done on Monday, Dr Barbosa said.

Dr Barbosa, 63, who led six Congress MLA [Member of Legislative Assembly]s out of the Congress Party on March 24 leading to the collapse of the Congress government in the state, promised a clean administration in the state. A minister in the Congress government till 1989, Dr Barbosa was made the speaker when the Congress came to power for the third consecutive term in January.

His displeasure at having speakership foisted on him is believed to be behind his rebellion.

With the inclusion of Mrs Kakodkar, much of the speculation over the fragmentation of the Maharashtra Gomantak Party (MGP) had been laid to rest for the moment. [passage omitted]

Goa's "guardian minister" and railway minister, Mr George Fernandes, was present at the ceremony at Raj Bhavan. The Congress Party was conspicuously absent, except for the Rajya Sabha member, Mr John Fernandes.

Mr Fernandes said that the PDF was made a constituent of the National Front on last Thursday. [passage omitted]

Reserve Bank Liquidity Growth, Credit Measures Announced

46001485 Madras THE HINDU
in English 13 Apr 90 p 9

[Text] Bombay, April 12—Mr. R.N. Malhotra, Governor, of the Reserve Bank of India [RBI], today announced a package of measures, aimed at controlling liquidity growth and moderating credit expansion. This was part of the credit policy for the first half of 1990-91.

The RBI Governor said that the genuine credit requirements of a growing economy would be met. Further, the structural changes in the money market in the past few years needed to be carried forward to achieve more efficiency in operations.

Mr. Malhotra told bankers that assuming that the 1990 monsoon would not be adverse and that industrial output in 1990-91 would show some increase over the rate of growth in 1989-90, the overall rate of growth of the economy would be around five percent in 1990-91.

Scheduled commercial banks have been advised to plan their credit budgets on the basis of a working estimate of aggregate deposit growth of Rs. 27,500 crores (16.6 percent) in 1990-91.

Based on the seasonal pattern of deposit growth, the increase in aggregate deposits in the first half of 1990-91 could be around Rs. 13,700 crores. With a large rabi 1990 procurement, it is expected that food credit requirements would increase by about Rs. 1,600 crores in the quarter ending June 1990 and decline by about Rs. 700 crores in the quarter ending September 1990. The increase in non-food credit in the first half of 1990-91 is expected to be around Rs. 4,800 crores as against Rs. 4,575 crores in the corresponding period of the previous year.

Mr. Malhotra referred to the monetary management and said that the Reserve Bank would like to bring about a sharp reduction in the pace of overall monetary expansion in 1990-91 from the extremely high 19.4 percent in

1989-90. He added that the disproportionate and persistent increase in liquidity had been a significant factor contributing to inflation in the recent period.

Monetary expansion: In 1989-90, the RBI Governor said, monetary expansion had sharply accelerated even when compared with the average of the past few years. As the real growth in 1990-91 was expected to be below the average of recent years, there was a potential for an acceleration of inflation unless fiscal and monetary policies act strongly to control excessive money creation. The Central Government had planned for a sharp cut-back in the overall budget deficit in 1990-91 to Rs. 7,206 crores as against a revised estimate of Rs. 11,750 crores in 1989-90 and this should help to moderate liquidity growth.

SLR Increased

Mr. Malhotra announced three selective credit control measures—(a) the statutory liquidity ratio [SLR]. The Statutory Liquidity ratio is being raised by one-half of one percentage point from 38 percent to 38.5 percent of net demand and time liabilities effective from September 22, 1990. The statutory liquidity ratio of 25 percent in respect of Non-Resident (External) Rupee Accounts and Foreign Currency (Non-Resident) Accounts is also being raised to 30 percent from the fortnight beginning on July 28, 1990. These measures would help moderate the pace of reserve money creation and monetary expansion.

(b) Refinance Facilities: The following changes are made:

(i) Export Credit Refinance: It has been the normal practice to bring forward each year the base for determining export refinance. Effective from August 25, 1990, banks would be provided export credit refinance equivalent to 75 percent of the increase in export credit over the monthly average level of export credit for the financial year 1988-89 instead of the monthly average level for the calendar year 1987.

(ii) "182 Days Treasury Bill" Refinance: In view of the rise in the cutoff yields on these Treasury Bills in auctions, it has been decided to increase, with effect from April 16, 1990, the interest rate on refinance under this facility from 10.75 percent to 11.25 percent a year.

Selective Credit Controls

(c) Selective credit controls: Three measures are being taken effective from April 16, 1990.

(i) The minimum margins on all banks advances against wheat (including advances to roller flour mills) are being reduced by 15 percentage points across-the-board.

(ii) In the context of the improvement in the supply position of cotton, it has been decided to exempt all advances against cotton and kapas from all the provisions of selective credit controls.

(iii) For commodities where there is a stipulation of level of credit ceilings, the base is being brought forward by two years to the three-year period 1986-87 through 1988-89 (November-October).

(d) Effective from April 16, 1990, for NRE accounts, the maturity range of 15 days to 45 days is being abolished and a uniform rate of 8.5 percent will be applicable on term deposits for maturities of 46 days to less than one year. The existing interest rates applicable to longer maturities remain unchanged.

(e) At present, interest is paid on eligible cash balances held with the Reserve Bank at the rate of 10.5 percent a year. With effect from the fortnight beginning on April 21, 1990, interest would be paid on a two-tier formula: (1) on the eligible cash balances based on the net demand and time liabilities (DTL) as of March 23, 1990, interest would be paid at a rate of 10.5 percent a year, (2) on the eligible cash balances maintained on the increase in net DTL after March 23, 1990, interest would be paid at the rate of 8 percent a year.

Along with this change, the scheme of graduated penalties on cash reserve ratio shortfalls has been eased. Interest on cash balances which were earlier paid up to a five percent shortfall of the absolute amount of cash reserves required to be maintained, will now be paid up to a 10 percent shortfall and the graduated reduction in the interest rates on cash balances has been made less steep.

Opening Up Call Money Market

(f) The RBI Governor said that with a view to widening the call-and-notice money market, it has been decided to open up selectively the call-and-notice money market. Accordingly, the General Insurance Corporation of India (GIC), the Industrial Development Bank of India (IDBI) and the National Bank for Agriculture and Rural Development (NABARD) will be permitted to participate in the call/notice money market only as lenders.

There has been considerable volatility in the call money market, particularly towards the end of the financial year. This is largely due to the overextended credit position of certain banks which seek to borrow large amounts on certain days. Such banks should undertake structural adjustments to correct their chronic and large dependence on the call money market. The increase in the participants in the call money market and the softening of the penalties on CRR (cash reserve ratio) shortfalls should also help to moderate the interest rate peaks in the money market.

Fillip to Secondary Market

(g) The scheme of Certificates of Deposit (CDs) has shown encouraging growth and, as against total permissible limits for issue by the banking system of Rs. 1,264 crores, the amount of CDs issued as on March 9, 1990, was of the order of Rs. 1,023 crores, equivalent to 81

percent of the aggregate limits. In order to broaden the primary market and to provide a fillip to the development of a secondary market, the following changes are being made in the scheme:

(i) The limits for issue of CDs by banks are being enhanced from one to two percent of aggregate deposits.

(ii) The denomination of the CDs could be in multiples of Rs. 10 lakhs (Rs. 25 lakhs at present) subject to the minimum size of an issue to a single investor being Rs. 50 lakhs (Rs. 1 crore at present).

Since the directions for the issue of Commercial Paper (CP) came into force from January 1, 1990, six companies have issued CPs for a total of Rs. 85.50 crores. In order to broaden the primary market and to widen the scope for the secondary market, it has been decided to make certain changes in the guidelines for issue of CPs, Mr Malhotra said.

Panel To Study Bodo Demands for Statehood Established

46001497 Bombay *THE TIMES OF INDIA*
in English 19 Apr 90 p 1

[Article by Prasun Sonwalkar]

[Text] New Delhi, April 18. An eight-member committee to study the demand for a separate state for the plains' tribals of Assam was constituted at the fifth round of tripartite talks today among the center, the Assam government and the Upendranath Brahma faction of the All-Bodo Students' Union (ABSU), sponsors of the agitation for Bodoland.

The willingness of ABSU to participate in the committee marked a climbdown from the earlier stand stated at the March 9 talks, when the delegation had insisted that such a committee should have at least ten members.

The panel will study the feasibility of creating a separate state. Members of the committee will tour various areas in Assam and submit the report during the sixth round of tripartite talks scheduled for July 2.

The ABSU members on the committee are: Mr S.K. Biswamuthiary, Mr Satyendranath Brahma (both of the Bodo People's Action committee) and Mr Rabiram Brahma, general secretary of ABSU. The Center will be represented by the joint secretary (home) and the welfare secretary. The welfare secretary will be the convener of the committee while the joint secretary (home) its convener. The state government will be represented by the secretary (political), the commissioner (welfare) and the special commissioner (home and political).

Defense Official Comments on Light Fighter Plane

46001511 Madras *THE HINDU*
in English 28 Mar 90 p 7

[Text] New Delhi, 27 Mar—The country's indigenously built Light Combat Aircraft (LCA) in all probability will make its first flight in 1995 after which production would be considered, the Minister of State for Defence, Dr Raja Ramanna said during question hour in the Rajya Sabha today.

Dr Ramanna said the milestone in the project included the completion of the feasibility study in May 1985 followed by a contract with the users in October that year and completion of the contract with AMDBA in 1988. While the technology development phase would begin in July 1990, the first demonstration flight had been slated for 1995.

Earlier in his written statement, the Minister said that Rs 273 crores had been so far spent on the LCA project and that no negotiation was going on with a French firm for a major collaboration though negotiations were in progress with one French firm for getting technical consultancy and certain sub-systems and components. It was not in the public interest to disclose the details of the negotiations till they were concluded.

Mr Kapil Verma (Cong-I), in his supplementary, said the Minister could not take shelter under the "public interest" as the well known journal JANES DEFENCE WEEKLY had published in detail about the LCA project and mentioned its cost as Rs 600 crores. After the project was started in 1983, it was hoped to be completed in 8 to 10 years. Hence he wanted to know the current status and the reasons for the delay in the project.

"We Can Do It Despite Slippages"

The Minister said the project was conceived many years ago to bring the country to the forefront of aeronautic development. After the last indigenous effort which culminated in the production of HF-24, no serious design work was taken up in the early 1980s, the Government decided to go in for a sophisticated aircraft which could meet the needs of the Air Force and Army in the late 90s and in early 21st century. Though there had been slippages, "Indians could do it," Dr Ramanna said amid the thumping of desks by members on both sides.

Dr Ramanna said the country could not do without outside help especially in areas such as engines. Indians were engaged in developing the GTX engine but to fit it into the engine was a different matter. Though a formal agreement had not yet been signed, the country would import the F-404 engines for the project.

When Mr Kapil Verma wanted to know whether the country had received similar offers for engine from the Soviets, French and the British, Dr Ramanna said the whole philosophy behind the LCA project was to find a new design capability to satisfy Indian conditions and it

was not merely a question of buying another expensive engine. In this context, he said that though the Soviet-made MIGs certainly provided powerful air protection they still did not answer the needs. Regarding the proposal for an advanced jet trainer, he said the matter was under consideration.

"U.S. Expertise Needed"

Mr Suresh Kalmadi (Cong-I) expressed the fear that once the United States supplied the engines, it could later hold the country to ransom. Dr Ramanna said the question was whether India would all of a sudden develop the most advanced aircraft. His own experience was that while Indians were capable, the development of the GTX engine needed the U.S. expertise as well. As the project involved a series of consultancy programmes, the Government had created an Aeronautical Development Agency for the purpose.

Women Militants Said Organizing, Training

90AS0029B Bombay *NAV BHARAT TIMES*
in Hindi 27 Mar 90 p 7

[News Report: "Militant 'Women Tigresses' Now in Cities"]

[Text] Tinnelvelli, Sri Lanka, 26 March (AP)—The women raiders of the Tamil Tigers have now come out of the jungles into the cities wearing capsules of Cyanide around their necks and ready to fire with their rifles.

After the withdrawal of the Indian peace keeping forces, the much talked about, but seldom seen, women Tigers have flabbergasted the Tamil community of the Jaffna peninsula.

Ever since the beginning of the revolt, in 1983, by the separatists of the minority race here violence has been commonplace in the area. However, fighting had generally been considered men's job. Velupillai Kanapathilillai, a Tamil school teacher, echoing the traditional belief that Tamil women should remain bashful and peace loving, said the other day that their social structure and life pattern had totally been ruined. According to him, after seeing the young women carrying guns, one can say that the customs and conditions that were there earlier can never be restored again.

L. Imelda, the 26-year-old commander of the women Tigers of Tamil Eelam, has a different viewpoint. She said that she and her other women companions cannot only use T-81 Chinese assault rifles and machine pistols, they are also able to fire rocket launchers and plane shooting cannons.

During a recent visit there about 25 women Tigers, in disguise, were found guarding the double story headquarters of L. Imelda. They are associated with the Liberation Tigers of Tamil Eelam's men Tigers inspite of

being independent of them. No males were seen there. If any male member arrived there he was viewed with suspicion.

Imelda, as in the case of men Tigers, uses a code name. Although at Jaffna manor the patrolling is mostly done by men Tigers, many people in the town or in the outside villages speak about women Tigers with respect.

Valarmati, a 20-year-old lieutenant of Imelda, said that women have always been in the forefront in liberation movements all over the world. They were no exception. Like Imelda, Valarmati also refused to say when she joined the Tigers and what she did before joining the guerrillas.

Stenlidominik, the district leader of men Tigers, spoke about the women Tigers with great pride. He said, "Whatever we do, they do the same. They keep vigilance over the outposts all 24 hours. They take active part in the struggle. In order to avoid arrests, they are always ready to swallow Cyanide capsules."

According to the Tigers, more than 300 of their men companions had preferred to use Cyanide rather than to get arrested and be subjected to interrogations. Imelda did not know how many of the women Tigers had used Cyanide.

Imelda said that, as in the case of the men comrades, there is a strict code of conduct for women Tigers also. They do not have permission to befriend men, to wear make-up, or to use ornaments. It is necessary for them to keep two Cyanide capsules in place of one.

IRAN

A Glimpse at Judicial System of Iran

46000103A Tehran KAYHAN INTERNATIONAL
in English 7 Apr 90 pp 14, 15

[Text] A brief discussion on courts and the procedure for lodging Complaint against their judgments.

The status of judicial Power in the Constitution—The Article 56 of the Constitution of the Islamic Republic Of Iran Provides: The Sovereign Powers in the Islamic Republic of Iran consist of the Legislature, the Executive and the Judiciary, which shall be exercised under the supervision of the Imam and the Leader of the nation in accordance with the following articles of this law. These powers are independent of each other...

Article 61 provides: The juridical power shall be exercised by the courts of law which will be set up according to the Islamic standards and will engage in setting disputes and lawsuits, safeguarding the public rights, expanding and carrying out justice and implement the Divine limits (al-hudud al-'Ilahiyyah)

Article 159 of the Constitution provides: The Ministry of justice is the official authority to deal with litigations and

complaints. Procedure for the establishment of courts and their competence will be laid down by law.

Article 34 prescribes: It is established right of every one to plead for justice. Every one can refer to competent courts to seek justice. All members of the nation have the right to have access to such courts. No one can be stopped from referring to the court to which he has a right to refer according to law.

Article 36 provides: Judgment of punishment and its enforcement must only be made by a competent court in accordance with law.

Article 166: "Judgments of courts must be substantiated and supported by articles of law and the principles on the basis of which such judgments are issued."

Considering the above-mentioned articles it is noted that the judiciary power should be exercised by courts, accordingly we shall proceed, quite briefly, to discuss the courts, their scope of powers and competence, the manner of their conducting adjudication as well as the procedure for lodging complaints against and appealing from judgments and rendered by them;

Courts are generally divided into General and Special Courts.

GENERAL COURTS are those that have jurisdiction over all controversies, except for those that have been expressly excluded by law (Article 3 of the Law Concerning the principles of the Justice Organization).

SPECIAL COURTS are those that are not authorized to resolve any other cases except for those which the law has expressly allowed them (Article 4 of the Law Concerning the Principles of the Justice Organization).

General Courts are divided into Civil Courts and Penal Courts, which will be dealt with separately hereunder.

I. Civil Courts A. Civil Courts Two

Such a court, formerly named a peace court, whose name was changed, pursuant to the Law for the Establish of Civil Courts One and Two, ratified in December 1986, to the Civil Court Two, is composed of a sole judge, who presides the court, and if he is absent or excused, a substitute functions in his stead. Should either the president or his substitute need counsel in any particular case, they may apply for a counsel to the Chief President of Courts or to the Chief of the Justice Department. The aforementioned Chiefs have as their duty to appoint a counsel. The counsel, who is usually an experienced judge, is required to examine the case with great care and to indicate his advisory view in writing. The president or his substitute renders his judgment taking into consideration the Counsel's opinion without being bound thereto.

The jurisdiction of a Civil Court Two in financial controversies it consists of deciding cases such as matters

pertaining to estates; applications for probates; applications for division of undivided landed property, in the event that the registration process of the property has not been completed or it is in dispute among minor or interdicted partners; claims for inconveniences; prevention of exercise of rights and forceful taking possession; claims relating to landlord-tenant relations, etc. and other cases mentioned in the Article 7 of the Establishment of Civil Courts One and Two.

A Civil Court Two issues its judgment after considering the case and examining the pertaining evidentiary documents. Such a judgment shall be served on both parties; and the losing party may apply for a revision of the judgment. Such an application shall be dealt with by the Civil Court One of the same district. The decision of the latter court shall be final and enforceable.

B. Civil Courts One

Such Courts formerly known as courts of first instance, changed their name to General Courts in 1979, and then, pursuant to the Law for the Establishment of Civil courts One and Two, ratified in December 1986, they were named Civil Courts one. Such a Court is composed of two judges, one of whom functions as president and the other is his counsel. The president renders judgments in which the counsel has no direct involvement; however he must examine the case carefully and express his view thereon in writing and in a substantiated manner.

The judge or president of the court delivers his judgment after the examination of the case and the study of the counsel's opinion, without being bound to follow his views.

The jurisdiction of a Civil Court One in deciding civil suits is of a general nature. That is, such a court is vested with jurisdiction over any civil or non-litigious claims unless whatever the law has expressly provided to be within jurisdiction of other courts (Article 5 of the Law for the Establishment of Civil Courts One and Two).

A Civil Court One, having studied the case, examined the evidence and heard the statements and defenses, inquires about the counsel's written opinion. And then, without pronouncing a judgment, notifies the parties of its judicial opinion. If, within five days of such notification either of the parties or both do not raise challenge, this same opinion will be expressed as a judgment. However, if the court's view is protested against by either or both parties, he will refer the case together with the pronounce opinion to the Supreme Court. In the event that the Supreme Court finds the view appropriate and legal, it sustains it and returns the case to the Court concerned for the pronouncement of its judgment.

In case the Supreme Court finds the view unjustified, it states the judicial irregularities in a substantiating fashion and returns it together with the files to the court concerned, so that the latter passes its judgment taking into consideration the Supreme Court's reasoning and at its own discretion.

At any rate, the losing party or his attorney may appeal from the judgment of Civil Court One. Such an appeal will be considered by one of the Civil Chambers of the Supreme Court. If the judgment is errorless, it will be confirmed and the case will be referred for enforcement to the Court which made the judgment; and if the judgment contains judicial irregularities, the Supreme Court reverses it and transfers the case for a re-examination to a court of co-ordinate jurisdiction with that which issued the judgment.

The difference between objecting to the opinion of a Civil Court One and taking an appeal from the judgment of this Court is that to challenge the opinion does not require to file a petition and to pay the costs of the proceedings, or to comply with other civil procedure formalities; it is feasible by submitting a usual petition, whereas praying for a revision necessitates to file a petition, to bear the costs of the proceedings, to produce evidentiary documents, and to fulfill other required formalities.

Special Civil Courts

Such Courts which have been instituted pursuant to the Legal Bill concerning Special Civil Courts, ratified in October 1979, are composed each of a president, who must be a MUJTAHID or a person appointed by him together with one or two counselling judges. Judgments are pronounced by the president or his substitute, who functions as president in his absence. The Counsel, in addition providing advice to the president, supervises the secretarial work and the service and enforcement of the judgment.

The jurisdiction of Special Civil courts has been laid down in the Legal Bill concerning Special Civil Courts, the main instances of which are the following:

Claims concerning matrimony, divorce, dissolution of matrimony, marriage portion, the alimony of the spouse and the allowances of other persons who are entitled there to, and tutorship; concerning parentage, testament, endowment, thulth (third portion of a person's property which may be bequeathed to persons other than his heir) entailment, custodianship and executorship; appointment of guardian and superintendent an administrator and their dismissal, (rendering incapacity judgment also is pursuant to the Article 1223 of the Civil Code, ratified in 1982, within the jurisdiction of such a Court).

The Court delivers its judgment after examining the case, hearing the statements and pleading of the parties or their attorneys and obtaining the counsel's opinion (1).

The losing party or his attorney may, within ten days of the notification of the judgment, apply for a revision.

The petition for a revision, is examined one of the Chambers of the Supreme Court. If the judgment is

reversed, the Case will be transferred for a re-examination to another chamber of the Special Civil Court.

II. Penal Courts

Penal Courts are divided into General and Special Courts: along with Penal Courts, whether General or Special, function as the case may be, general and special public prosecutor's offices.

1-By virtue of the Article 11 of the Legal Bill Concerning Special Civil Courts, parties may appoint their attorneys from among lawyers authorized by the Justice Department.

The main Special Penal courts are Revolutionary Courts.

Military Courts are divided into Military Court One and Military Court Two, which decide exclusively the offences pertaining to the particular military or disciplinary duties of the military personnel, members of the gendarmerie, the police or the revolutionary guards as well as those of the Revolutionary Committees. Examination of the general offences of such individuals is within the jurisdiction of General Penal Courts. A Revolutionary Court may be established anywhere that the head of the judiciary power deems it appropriate, whose jurisdiction has been specified by the Single Article on the Law for the Scope of the Jurisdiction of Revolutionary Courts and Public Prosecutor's Offices, the major instances of which are:

Any offence against internal or external security, attempt on the life of political personalities, any offence relating to narcotic drugs and smuggling, murder, massacre, imprisonment and torture in an attempt to fortify the Pahlavi regime, suppressing the struggles of the Iranian people by giving orders or acting as agent: plundering the public treasury, profiteering and forestalling the market of public commodities.

The judgment of the Revolutionary Court, may, as the case may be, be revised by the Supreme Court at the request of the losing party or the revolutionary public prosecutor.

General Penal Courts are divided into Penal Courts One and Two.

Each of these Courts is composed of one president or substitute, who functions in his stead in case of the former's absence. Either of these two persons who in cases need counselling, may apply for this to the Chief President of Courts or the Chief of the Justice Department of the district concerned. The said chiefs are required to commission counsels.

Penal Courts One are established in the centers of the provinces. If the Chief of the Judiciary power deems it necessary, he may establish it in other towns too.

Penal Courts One adjudicate offences the punishments for which are death penalty, stoning to death, dismemberment or more than ten years of imprisonment or two million rials cash penalty. Examination of other general offences is within the jurisdiction of the Penal Courts Two.

Judgments of Penal Courts One are susceptible of being challenged in order to be revised by the Supreme Court, as the case may be, by the losing party, his attorney or the Public Prosecutor concerned. And the judgments of the Penal Courts Two also may be revised by the Penal Courts One of the same district.

III. The Supreme Court

Pursuant to the Article 161 of the Constitution of the Islamic Republic of Iran, "with a view to exercising supervision on the proper implementation of laws in the courts of law, creating a uniform judicial procedure and carrying out the responsibilities assigned to it by law, a Supreme Court will be established on the basis of rules and criteria laid down by the Judicial High Council."

The Supreme Court is the highest judicial authority which is above any court, whether general or special.

The Supreme Court is established in Tehran. Should the chief of the Judiciary deem it appropriate, he can establish chambers in other cities. Chambers of the Supreme Court may, as required, be numerous. The President of the Chamber One will be the President of the Supreme Court.

Every chamber of the Supreme Court is composed of two judges, one of each is the chairman of the chamber and the other will be the counsel. The Supreme Court will have a required number of Vice-Chairman for the chambers. Examination of cases and taking decision on them are to be conducted by both members of a chamber, and should there exist difference in views between them, the Vice-Chairman or a judge from other Chambers joins them, and the majority view will be prevailing.

The Chairman, the Counsel and the vice-Chairman must be mujtahids, or have participated for ten years in the post graduate (darsi kharij) lectures of fiqh, (Islamic Jurisprudence), or they must have ten years of experience in judicial affairs or in the practice of the legal profession; moreover they must be well conversant with the Islamic codified laws. Determination of the above mentioned qualifications is the duty of the Chief of the Judiciary.

Along with the Supreme Court functions the Public Prosecutor's Office of the Supreme Court, which is composed of the General Public Prosecutor and a required number of Assistants to the Public Prosecutor. One of the assistants to the public prosecutor functions as the first Vice- Public Prosecutor.

IV. Appeals From Judgments and Authority To Reexamine Them

Any judgment rendered by Court, whether General Courts or Special Courts are capable of being revised. A revision is carried out, as the case may be, at the request of the losing party or his lawyer or the Public Prosecutor of the Public Prosecutor's Office concerned.

Revision is conducted in the following cases:

1. When the applicant for revision alleges that the documents relied upon had been devoid of validity, that witness had perpetrated perjury, or that they lacked the required qualifications to depose testimony.
2. When he claims that the judgement had been in contravention of law or divine law (shar).
3. When he asserts that the judge or the Court had been unqualified.

The authority to revise judgments delivered by the Penal Courts Two is the Penal Court One; those rendered by the Civil Courts Two are revised by the Civil Courts One; and judgments passed by the Military Courts Two are revised by the Military Courts One, all of the same district. The authority to revise the judgments issued by the Penal Courts One, the Civil Courts One the Military Courts One, the Special Civil Courts and the Revolutionary Courts is the Supreme Court (Articles 2 and 3 of the Law for Determining Cases of revision of Courts' Judgments, ratified in November 1988). Petition for revision prevents judgments from being enforced, and until such time as the authority responsible to conduct the requested revision has not rendered its decision the enforcements of the judgement will be suspended.

In addition to the losing party, his attorney or the Public Prosecutor concerned, should judgments be legally capable of being revised, the President of the Supreme Court and the General Public Prosecutor, are entitled to request for revision of such judgments rendered by any Court, whether Civil Courts or Penal Courts, General or Special, even if the judgments the Law for the Establishment of the Penal Courts have been issued as revised judgments (Article 35 of One and Two and the Chambers of the Supreme Court, ratified in July 1989).

V. Appearance of Lawyers in Courts

According to the Article 35 of the Constitution of the Islamic Republic of Iran "the parties to a suit have the right to appoint a lawyer in all courts and if they are not able to appoint a lawyer, facilities of appointing a lawyer must be provided to them."

Anyone may, personally or through an attorney, institute action, lodge a petition or interpose pleadings in connection with them, and in the event that he is incapable, financially or otherwise, to retain a lawyer, he can benefit gratis from the privilege of a lawyer, i.e., a public defender, under the title of legal aid.

However, in criminal courts, where the punishment of the crime consists of death penalty or life imprisonment, appearance of a lawyer in the court is compulsory and if the accused cannot afford to appoint a lawyer, or if he or she is not willing to appoint one, the court must provide him with a public defender, conducting trial without a lawyer constitutes an instance of reversal of judgments by the Supreme Court.

The decision of the Supreme Court concerning the uniformity of procedure, dated 19 September 1984, which has the force of law and is binding, is motivated by this very notion.

2. The 1363 (1984) Codex, page 313, concerning the Uniformity of Procedure by the Full Tribunal of the Footnote.

Supreme Court: "whereas the Article 35 of the Constitution of the Islamic Republic of Iran has attached special importance to the right to retain a lawyer, and on the other hand, considering the Article 9 of the Law for the Establishment of Penal Courts, and in view of the provisions of the Note 2 to the Article 7 and the Article 12 of the Law for the Establishment of General Courts, ratified on 11 September 1979, and the subsequent amendments thereof, which by virtue of the Circular dated 9 October 1982 of the Guardian Council (of the Constitution) has legal force, the intervention of a public defender (in case the convicted has not appointed a lawyer) in Penal courts, in cases where the principal punishment is death penalty or life imprisonment, is indispensable; accordingly the decision of the chamber 16 of the Supreme Court, rendered in connection with the case in question on the basis of the above-mentioned view, has been found legal and justified.

This decision is, by virtue of the single article on the Law concerning the uniformity of judicial procedure, ratified in 1949, binding, in similar cases, on Chambers of the Supreme Court and Courts."

U.S. Allegedly Playing Games Over Hostages

90AS0080Z Tehran KAYHAN AL-'ARABI
in Arabic 12 May 90 pp 8-9, 6

[Article: "United States Plays Cat-and-Mouse Game With Iran; Inducement of Impounded Assets for Release of Hostages"]

[Text] As in Iran, there are also those in the United States who oppose the release of the hostages held in Lebanon. The motives do, of course, vary from circle to circle. With this variance, the motives seem to be humanitarian at times or bigoted at other times because of U.S. obduracy or the U.S. tendency to embroil the issue in certain interests.

It is true that there are those at the Iranian level who oppose the said [humanitarian] tendency because of U.S. opportunism. But the climate prevalent in Tehran is one

of noting the humanitarian motives, as well as the motives of reviving the frozen condition involving the hostages.

It is also true that the officials in Washington are interested in closing this dossier without getting involved in another Irangate. But there is nothing in the air to make one expect the fundamental difference in the official U.S. viewpoints. Inversely, there is a strong belief that the various—declared—viewpoints seek one thing, namely to outflank the Iranian position and to keep it the captive of the U.S. inclinations for the release of more hostages without anything noteworthy in return.

It is the prevalent feeling in U.S. circles that the Islamic Government is in greater need of closing the hostages dossier and loosening the rein of western technological aid to this government under the sensitive current circumstance.

The reports cite the opinions of international analysts who say that in this time of reconstruction and in view of the tangible drop in oil prices, Shaykh Rafsanjani's government needs an infusion of hard currency and that such liquidity may materialize if the Bush administration releases the impounded Iranian assets.

Consequently, the analysts expect that Iran will continue to make efforts to help release the remaining hostages, motivated in this case by the desire to see the vast impounded assets planned into the reconstruction budget.

So after the release of hostage Polhill on 22 April 1990, observers were surprised that the U.S. administration did not act in a manner that would perturb the desire for the release of the remaining hostages until a second hostage was released. Less than two hours after hostage Frank Reed enjoyed his freedom on 30 April, the U.S. State Department distributed a report accusing Iran and Syria of sponsoring terrorism!

We may list this act on the part of the U.S. State Department under one of two things: We can either consider it an extension of the positions which continue to exist within the U.S. administration and outside it, and which find any relaxation in connection with the hostages detrimental to these positions and to those who are loyal to them.

Here, REUTERS, for example, expressed surprise at the issuance of this report at the time when there is dedicated Iranian interest to end the saga of the hostages of all nationalities in Lebanon. This press agency has implied that the congress' nonbinding recognition of Jerusalem as the capital of Israel, Israel's latest raids against Lebanese positions, and Israel's refusal to release another group of Lebanese and Palestinian detainees on occasion of al-Fitr holiday, in contrast with similar previous holidays, are an indication that there are those in the United States and outside it who will not be happy to see the end of this tragic saga.

Shireen Hunter, an analyst at the Strategic Studies Center in Washington, has noted the same thing, asserting that there are in the U.S. administration elements that do not encourage Bush to make a certain gesture in response to the humanitarian Iranian step toward the hostages.

In light of the U.S. researcher's statements, one can understand why certain circles of the U.S. Congress issued a statement accusing Iran of using cyanide gas against Iraqi Kurds in March 1988 while absolving Iraq of such use with the argument that the United States is well-aware of Iraq's chemical weapons production technology. The statement points out clearly that all the raw materials involved in this industry were coming from the West, and from the United States primarily. But this statement is in conflict with the testimony and evidence of therapy centers in the western capitals which confirm, on the basis of the injuries suffered by the Iranian casualties, that Iraq is the side which used cyanide.

However, and despite the intent of U.S. circles and notables to block the understanding concerning the hostages, there looms on the horizon a stronger possibility than the belief that in Washington, the issue is confined to opponents and supporters of the entire process.

This possibility finds it likely that the Bush administration is in the process of exploiting Iran's need for the impounded assets to make Iran release a number of hostages in return for a handful of promises. In return for the hope that the U.S. administration will modify its position, certain Iranian circles may rise to defend the release issue, considering that it is the key to ending the impoundment of the assets.

We conclude this from the background contained in the U.S. State Department report accusing the Islamic Republic of continuing to sponsor terrorism. The report is, as we are well-aware, capable of empowering the U.S. administration to continue impounding the Iranian assets.

Thus, the report is an indirect signal to Iran that the time has not yet come for releasing the assets in return for the release of the hostages and that Tehran has to make greater efforts to persuade Washington to omit its name from the list of parties that sponsor terrorism!

The Islamic leadership understood this message even before it was issued. This has been confirmed by the statement of [word indistinct] Khamen'ei, who simultaneously noted that the assistance in releasing the hostages was inspired by humanitarian motives without expecting any political return, and that the United States ordinarily employs the loans and grants it gives to serve its special interests.

With Khamen'ei's statements and with the strong attack President Rafsanjani launched against the United States, the latter felt doubly embarrassed. To eliminate this embarrassment, President Bush made statements which

have been circulated by the news agencies and which have had broad reverberations.

For his part, Bush tried to stress that Iranian goodwill does not allow his administration to stand as a spectator vis-a-vis the hardship of the other detainees in Lebanon, including the Iranians. But by linking these statements with the fate of Higgins, the executed hostage, Bush dashed the hopes for effective intervention to make the circles which kidnaped the Iranian diplomats release them.

The most significant things Bush said in this context are different from what we have introduced. In his statements, Bush said that his administration can respond to the Iranian goodwill by doing "other things," without specifying the nature of these things, so as to strengthen the belief that what Bush wishes is different from what he announces and includes in his statements.

Perhaps Bush hopes that Iran will not stop its assistance in the hostage issue because this is beneficial to him and to his administration. But he has not, in return, implanted among the Iranians the confidence that he can do something to compensate them for what they have done, not to mention that he has not underlined his desire for such compensation.

Without this desire, it is a foregone conclusion that Tehran will not respond to the effort to facilitate the release of the western and U.S. hostages. Tehran's excuse centers around two things simultaneously:

Whether the U.S. administration is incapable, is lax toward Iran, or is trying to circumvent the crux of the issue by making world public opinion believe that Iran focuses its negotiations on the issues that concern the Iranian diplomats solely or concern the impounded assets, the Iranian response is not expected to be positive in these cases.

Iran has repeatedly pointed out that what concerns it is primarily the release of the Lebanese and Palestinians detained by Israel in return for the gradual release of the western hostages, and that this is not so much an Iranian demand as it is a fundamental and legitimate Lebanese demand.

What was made clear by Iran has been embraced, discussed, and raised by semineutral international circles. Moreover, Israel itself has found itself impelled to talk about it by pointing out that Washington has not asked it to release Shaykh 'Ubayd and the other Lebanese it is detaining. Moreover, Frank Reed, the other released hostage, has criticized Bush and his administration strongly for disregarding the kidnapers' demands, which Reed has characterized as reasonable.

We now come to the enthusiasm of certain Iranian parties to contribute to the hostages' release in contrast with the lack of support for such a release among other

parties. This is due to the vacillating and self-serving U.S. positions which seek to distort the essence of the official Iranian wishes.

At the U.S. level, it is a very different matter. Disagreement in the U.S. arena, if such disagreement exists, is over the means in light of which the Iranian position can be exploited to get the last hostage released without being compelled to return the impounded assets to their owners and without putting any serious pressure on Israel or on the Lebanese Phalangists to release the hostages from all nationalities.

Bush and his administration are eager to characterize cooperation and understanding, when accomplished, as rejected bargaining with the kidnapers. Rafsanjani has responded by wondering if the U.S. communication with Israel or with the Maronite militias in Lebanon is not bargaining of the kind that Bush dislikes?

The truth is that Bush has already engaged in the "bargaining" to which he is extremely sensitive, according to the BBC. In a BBC report broadcast last Thursday, a political expert expressed surprise at the U.S. policy's influence on Thatcher and at Thatcher's reiteration of Bush's statements when, the expert believes, the U.S. president is "inevitably involved" in the contact with the parties detaining the hostages.

The radio expert made his conclusion on the basis of a number of indicators, one of which, it seems, is the ongoing negotiation at the International Court in the Hague for the release of a part of the assets. However, the U.S. and Iranian sides have denied the soundness of this conclusion, asserting that the start of a new round of financial negotiations has nothing to do with the hostages issue.

Generally, the issue is still undergoing complex and heated interactions and it is most likely that it will not reach the final stage of the solution unless the U.S. administration modifies its positions noticeably.

Hizb-e Islami Conducts Direct Discussions With USSR

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[Text] For the first time, two envoys of the government of the USSR met and spoke directly with one of the Afghan Mujahidin groups. In this meeting, the possibility of releasing Russian soldiers who have been taken captive by Hizb-e Islami in the course of the civil war in Afghanistan was discussed.

The face-to-face meeting of the representatives of Hizb-e Islami of Afghanistan with the envoys of the Soviet government has raised questions concerning Hizb-e Islami of Afghanistan, led by Gulbuddin Hikmatyar, which is one of the most extremist Islamic groups.

The role of Hikmatyar, who was not personally present in the negotiations with the Russians, after his alliance

with General Shahnawaz Tana'i, the former defense minister of the Communist regime of Kabul, has been questioned by other Afghan Mujahidin groups. Experts in Afghan affairs in Islamabad say that Hikmatyar, on the one hand, has a very close relationship with Saudi Arabia and is supported financially by that government, while on the other hand, he enjoys the support of the United States and Pakistan. He cooperates with the defense minister of the Communist regime in Kabul for a coup d'etat, and ultimately his is the first group to negotiate directly with the representative of the USSR outside the precepts set by the seven groups of the Afghan Mujahidin.

The Soviet envoys, after the negotiations with the representatives of Hizb-e Islami of Afghanistan, expressed hope that plans will be made for future negotiations over other issues related to Afghanistan and be agreed on by the various Afghan Mujahidin groups.

Boris [Diokov], one of the Soviet government envoys in Islamabad, described the mission of the Russian delegation as nonpolitical and based on humanitarian grounds. Before the visit of the Russian envoys to Pakistan, Gulbuddin Hikmatyar, as a gesture of good will, had revealed to the Russian officials the names of three MIA Russian soldiers about whose location no one had yet had any information.

Coalition Government Without Dr. Najibullah

Diplomats and officials in Pakistan anticipate that the Soviet government will soon announce its agreement that Dr. Najibullah not be part of the transitional coalition government of Afghanistan. The Afghan Mujahidin strongly oppose the presence of Dr. Najibullah, the Communist president of Afghanistan, in any program for the future of Afghanistan.

Details of the Soviet Plan for the Future

Yuri [Gankoveski], another Soviet envoy, who is an expert on Afghan affairs in the Eastern studies academy of Soviet sciences, explained the details of the Soviet plan to eliminate the present political crisis in Afghanistan in a speech for the Pakistani university people in Islamabad.

According to [Gankoveski's] statements, the first step in the above-mentioned plan is to establish a full cease-fire and recognize the right of the Afghan Mujahidin to control the parts of the country which are now in their possession. At the same time, the sending of arms to both sides will be stopped on the same day.

The next step will be to organize an international conference by an international organization, such as the United Nations, or the organization of an Islamic conference.

Finally, a free election to establish the future government of Afghanistan will be held under the supervision of international organizations.

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